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State of California

BUDGET

For the Fiscal Year

July 1, 1963 to June 30, 1964

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Submitted by

EDMUND G. BROWN

Governor

to the

CALIFORNIA LEGISLATURE

1963 General Session

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Budget Message

BY

GOVERNOR EDMUND G. BROWN

To the Senate and Assembly of the Legislature of California:

I present with this message my budget for the 1963-64 fiscal year.

It recommends expenditures of $2,945,027,761 from current income, and $305,374,208 from capital outlay bond issues—a total of $3,250,401,969.

Of that total, $3,167,000,000 represents program commitments already made by the Legislature or the electorate of the State of California through the Constitution, statutes or bond authorizations.

Of the remaining $83.4 million, $30.7 million is for salary increases and $52.7 million is for new program or improved levels of service. Of this last amount $30 million is for additional aid to local school districts.

I emphasize that the new and improved services represent only 1.6% of the total budget.

This budget is once again soundly but narrowly in balance. It proposes no new or higher taxes, but requires acceleration of collection of personal income, bank, corporation and insurance taxes to put them on a current basis. The State of California can no longer afford the luxury of permitting payment of some taxes more than a year after it must meet the cost of providing essential services.

This budget conforms to the strictest standards of austerity. Additional hundreds of millions of dollars in requests were eliminated through refusal or drastic scaling down of the amounts sought.

In my judgment, this budget recognizes both the most pressing requirements of our growing population and the necessity of maintaining the traditional quality of government services in California.

This is the largest State budget in the history of the nation, but this State now has the largest population of any State in the nation.

This budget again sets a new record, but every budget in the foreseeable future of California will either set a new record or

ignore the minimum annual requirements of our astounding growth.

Despite the sheer size of recent budgets, moreover, it is noteworthy that in the last decade California's tax burden has dropped from a position of 19th among the states in 1953 to 31st today. And its net debt of $2.68 per $100 of personal income is 33rd among the states and compares to an average of all the states of $4.04 per $100 of personal income.

Not only in the last decade, but since World War II, it would appear that California has used its resources wisely to provide the base on which we have built an economy steadily expanding at a more rapid rate than the rest of the nation.

In education, water, highways, social insurance, public health, employment and safety we have invested in programs which have not just repaid us, but have provided unmatched economic dividends.

Personal income for the nation is expected to rise 3.5% this year. By coincidence, California's population is also expected to rise 3.5%, but the state's personal income will rise an anticipated 5.7%. It is this trend which has carried California's share of the national income from 9.24% 10 years ago to an expected 11.4% this year, again a percentage greater than our proportion of the population.

It is in terms of this remarkable performance of California's economy and of the role played by governmental services in that performance that this budget should be evaluated.

Whether the proposed expenditures are in the area of current operating expenditures or in the financing of capital projects, the tests are the same.

Do they economically and efficiently provide direct and necessary services to the people of California today? Do they constitute prudent investments in human and natural resources to meet the long range demands of the future of the leading state in the nation? If the expenditures proposed here do neither, I invite you to delete them.

As in past years, I again seek your counsel on how to produce true economies, economies that do not impair today's needed services or add unduly to the already certain burdens of tomorrow.

I ask you to remember always that ours is a growing family. We have no option but to build and to provide.

Our growth and price increases alone account for an automatic addition of about $135 million or 4.6% of proposed operating expenditures.

As for capital projects, they are almost all for growth. Sale of $157 million in water bonds will more than double our pace in the California Water Plan's race against time and population trends. Approximately 85% of the $148 million in State building bonds will go to keep California first in providing facilities for tuition-free higher education.

We must remember also that growth imposes as heavy a burden on local government as it imposes on the State. This budget provides an increase of $153 million in subventions to cities, counties and local districts for education, health, welfare and flood control.

This will raise the total amount of local assistance money spent not by the State but by its subdivisions to $1,652,000,000 or 56% of total operating expenditures.

Look for economies, yes, but not at the expense of necessary functions of government—either State or local.

In the same spirit, I renew my own pledge to economize as fully as possible in the administration of this budget. In my first term of office, our average management savings were more than $24 million a year, and I will do my best not only to maintain that average, but to improve upon it.

I want to add another promise at this time.

Both you and I have encountered steadily increasing difficulty in dealing with the complexities and intertwined detail of the massive itemized budget which accompanies this message.

I commend to your attention the introductory summary program statements on revenues and expenditures in the budget document, but I do not believe they satisfactorily meet this problem.

I intend to submit a budget to you next year which will more clearly establish the lines between operating expenditures and long term capital investment programs—a budget which will make easier our joint task of searching for economies and measuring program effectiveness against program costs.

At the close of this message, I propose to discuss briefly specific proposals for major new expenditure programs and increased levels of services or local subventions. It will also detail my salary recommendations.

First, however, let us examine projections of revenue from our present tax system and a series of tax reform and conformity measures.

These two elements are essential to the support of the proposed expenditure program, and deserve your fullest consideration.

To begin, although the rate of growth in our economy is substantially ahead of the nation as a whole, it will not move as rapidly during the coming year as it did last year.

The Gross National Product advanced from $518 billion to $554 billion in the 1962 calendar year, a gain of $36 billion. Our projections are based on a GNP of $575 billion in 1963, a gain of only $21 billion. That means a relatively lean year in growth of revenues from California's present tax structure and collection system. While the longer term prospects are good, collections for the 1963-64 fiscal years would leave a gap of about $150 million between revenues and the proposed expenditure program were we to make no changes in our revenue system.

I am recommending to you, however, a series of long overdue reforms in our present procedures for collecting personal income, bank, corporation and insurance taxes which will close the gap, not only for the 1963-64 fiscal year, but for the succeeding fiscal year.

Let it be clear at the outset that there are no new or increased taxes involved in these proposals. To the contrary, I propose to remove 850,000 low income taxpayers from the rolls this year and to forgive one-quarter of all personal income taxes due for the year 1964.

Of these reforms, two are most important.

The first would end California's present unusual system of permitting personal, corporate and bank taxpayers to pay on an installment basis *after* the date due.

In other words, a man who moved to California in January of this year and immediately received the benefit of all State services, would not have to pay any income tax until April 15, 1964, and even then could pay in two installments thereafter without any additional penalty or interest.

The State would not receive its first payment for 15 months and its final payment for 24 months, yet would be paying the bills for services rendered for the whole 24 months.

No newspaper would or could be as generous to a new subscriber. No other manufacturer or supplier of services could function successfully on such a basis. No union could accept a new member on these terms. Yet we get 600,000 new citizens every year and they are entitled to immediate service—whether educational or institutional, whether in the form of highways or an adequate water supply.

The first major step in this tax reform program would simply be a requirement that all taxpayers meet their full tax for 1963 by April, 1964. Tax collections would then be current on at least an annual basis.

The second major step would be to install a withholding system on July 1, 1964, accompanied by a system for a quarterly estimating and payment system for individuals and semi-annually for banks and corporate taxpayers.

This would operate just as the long-established Federal system does, and would, in fact, make the handling of the two tax obligations simpler and easier for the taxpayer.

Since the State income tax has little impact on family incomes under $10,000, and a much lesser impact on incomes above that amount than the Federal tax, installation of the withholding tax in mid-year after more than a year's notice would cause little difficulty.

Moreover, because of the extra revenue generated by the acceleration to a pay-as-you-go system, the State could provide a 25% forgiveness, and I recommend that this be done. The forgiveness I propose would amount to $85 million for individuals and $65 million tax credit for banks and corporations which in the past paid a double tax when they started operations in California.

I should note here that 26 of the 32 states having a general personal income tax provide for withholding. Of the 26, only three forgave any part of the previous year's taxes when they began withholding, and all three did so because they coupled withholding with tax increases. I propose no such increase, but I believe the 25% forgiveness is justified nonetheless.

There are other compelling reasons for adopting these measures. Although we in California are proud of our excellent tax enforcement, it is estimated that at least 100,000 Californians leave the State annually, many of them without paying State income taxes before they depart.

In almost every one of the states which have adopted withholding, the new revenue produced has exceeded expectations substantially.

If California is to avoid levying new taxes, it must receive full and equitable return from its present revenue structure and this is the only satisfactory way to insure full compliance at a reasonable cost.

Some have been concerned about the cost of withholding to business. It will cost the State, which employs more than 130,000

persons, only about 30 cents per employee a year, certainly not an amount which would indicate an undue burden on other employers, large or small.

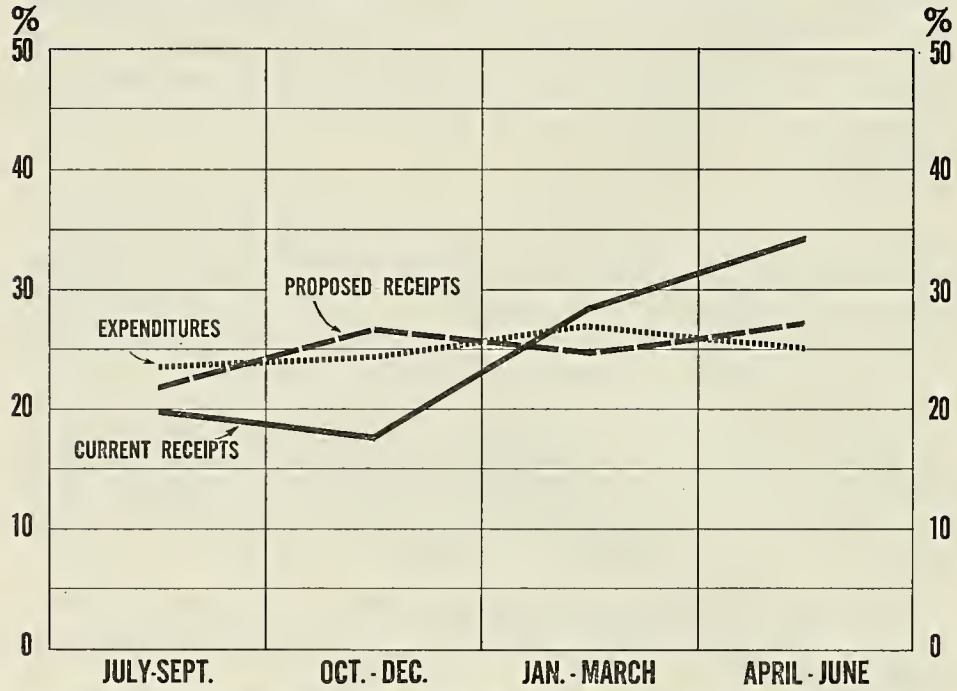
The proposals would solve another difficult problem.

We now not only must wait up to 24 months to collect for today's services, but we must borrow from ourselves in order to maintain a reasonably even relationship between revenues and expenditures within a given year.

We receive the bulk of our revenues in the second half of the fiscal year. In order to keep up with demands in months of minimum revenue receipts, the General Fund must borrow from special funds and repay not only the principal, but the interest which would have accrued if the funds had been left invested in securities or in bank deposits.

This fiscal juggling as illustrated in the chart below is contrary to all sound money management policy, and the time has come to end it.

IMPROVED PATTERN OF GENERAL FUND INCOME AND OUTGO



This chart shows the improvement in the flow of State General Fund revenue which will result from income tax withholding and current tax payments by banks, general corporations and insurance companies. The revenue trough experienced in the October-December quarter under the present system will be eliminated, and the peak flow of the April-June quarter will be materially reduced by the proposed plan. At the same time revenue receipts in every quarter will more closely align with expenditure requirements of that quarter.

The following table shows what these proposed tax reforms plus a number of supplementary reforms and changes would provide in added revenue for the next two fiscal years.

TWO-YEAR PLAN TO BRING TAX COLLECTIONS CURRENT WITH OBLIGATIONS

An outline of revenue sources, changes recommended and amounts involved in each of the two ensuing fiscal years are given in the following summary.

	(In millions)	
Bank and Corporation Tax:	*1963-64*	*1964-65*
Eliminate installment payment privilege effective January 1, 1964	$82.5	$10.8
Provide for payment of estimated tax on current business profits, with credit offset for double tax in second year of operation in California	–	32.0
Adopt present Federal limitations on business deductions for gifts, entertainment, club dues, etc.	1.0	1.2
Totals, Bank and Corporation	$83.5	$44.0
Personal Income Tax:		
Eliminate tax liability below $5 (single) and $10 (married or head of household)	—$2.5	—$2.5
Eliminate installment payment privilege effective January 1, 1964	35.0	4.7*
Adopt withholding procedures and estimated tax declarations effective July 1, 1964, with forgiveness of one-quarter of the tax due on 1964 incomes	–	96.2
Adopt present Federal limitations on business deductions for gifts, entertainment, club dues, etc.	0.5	0.7
Totals, Personal Income	$33.0	$99.1
Insurance Tax:		
Provide for quarterly remittance of tax after January 1, 1964	$22.0	$1.5*
Eliminate principal office deduction	†	5.3
Transfer surplus line brokers' tax to the General Fund	–	0.7
Eliminate constitutional rate provision	†	‡
Totals, Insurance	$22.0	$7.5
Gift Tax:		
Conform with Federal law by reducing the annual exemption from $4,000 to $3,000	$0.5	$0.5
Totals, Revenue	$139.0	$151.1
Oil Royalties:		
Redistribute royalty income in order to make unneeded balances available for education	$26.3	no estimate
Grand Totals, All Sources	$165.3	$151.1

* Increase due to annual growth in the tax base.
† Requires constitutional amendment.
‡ No change anticipated at this time.

The most important of the other changes is a proposal to change the handling of our tidelands oil and gas bonuses and royalties.

Under present statutes, most of the revenues are assigned to the California Water Fund.

Because of stepped-up tideland leasing activity, however, more money is going into the California Water Fund than was contemplated earlier or is now required.

I therefore propose enactment of a new statute which would guarantee to the Water Fund the approximately $9 million needed to meet our standing commitments to the California Water Plan, but divert whatever remains from the conservation of natural resources to the conservation of human resources, or, to be more specific, to education.

This will be increasingly important as development proceeds on the rich new Long Beach tidelands area.

If the entire revenue program proposed above is enacted, California will be able to meet its fiscal commitments without hardship through the next two fiscal years.

Since this plan was first set forth publicly, however, concern has been expressed that most of the revenue advantages would be behind us by 1965, and that we would then face a major new tax problem.

Our economic studies show just the opposite. The career economists in the Department of Finance believe that the gap between expenditures and revenues will lessen rather than widen. Instead of today's gap of $150 million, they estimate a gap of perhaps less than $100 million in 1965.

There are three basic reasons for this projection. First, the President's tax cut program, with its favorable impact on our revenues and the nation's growth pattern, would substantially improve the ratio of growth between California's revenues and our expenditures, thus narrowing the present gap. Second, we will have learned how much income tax is being evaded, and have added that extra amount to our revenue projections. Third, we will begin to receive much more substantial revenues from Long Beach and other rich tidelands leases.

It would be foolish to predict now whether or not we will need some additional taxes in 1965.

But it would be even more foolish to increase taxes or impose new taxes today when this two-year program makes it not only unnecessary, but unwise to do so.

By 1965, there is a reasonable chance that there will be no need for additional taxes, or that the need will be minimal.

I recommend that we adopt the changes I propose today, then reappraise our total position in 1965.

In the meantime, however, we must take added precautions to make our position in 1965 as strong as possible. We must keep the expenditure base set forth in this budget firmly under control. Only in this way can we prevent added expenses from erasing the advantages of the added revenues we foresee.

There is yet another excellent reason to defer consideration of any other fundamental changes in our tax structure until 1965.

As I noted in my Inaugural message, I believe this session of the Legislature should authorize creation of a Tax Commission to undertake during the next two years a fundamental analysis of our local and state tax structures and their increasingly complex relationships.

That Commission should report both to the budget session next year and the general session of 1965 on possible methods of apportioning responsibilities for support and tax resources equitably among the State and its various subdivisions.

We all know that the property tax, the principal source of local revenue, is frequently burdensome and often unfairly applied.

At the same time we know that this fact continues to force local officials to ask for State tax funds to finance activities which most would agree are local responsibilities.

I will later send you a special message on this subject, but the proposed creation of a Tax Commission to report in 1965 is one more strong and central reason to adopt the revenue reform recommendations contained in this budget.

Against this background, I now ask you to consider the following noteworthy expenditure proposals:

EDUCATION

In this budget, as in my past four budgets, I assign first priority to public education. The dramatic increases in our school population, and the public's wise insistence on the highest academic standards, compel this emphasis.

I recommend expenditure of $1,233,000,000 for public education from current income—an increase of $98 million. The total figure amounts to more than 42% of total revenues for 1963-64. Four-fifths of the increase or $78 million will augment present apportionments for average daily attendance.

Our public schools, from kindergarten through junior college, will have an attendance of more than 4 million in the next fiscal year—a growth of more than 220,000. Under present law, this growth would require an additional state contribution of $48 million. I propose, however, that we add $30 million more to that amount to relieve demands on the local property taxpayer.

But I firmly believe you should not make the additional $30 million available unless you also enact a realistic program of countywide equalization, which in itself would produce still another $25 million a year.

Islands of assessed wealth should contribute their fair share to the cost of public education. The present system enables rich districts to contribute a negligible fraction of assessed valuation to the schools while property owners in poor districts pay three and four times as high a percentage.

Democracy requires that we share the cost of schools just as we share the cost of public recreation or public health.

I also propose that the State strengthen its long-neglected public library system by encouraging regional cooperation and the formation of adequate library service areas. Funds to implement this program have been included, subject to your approval of a formula for distribution of these grants.

Continued growth of our college age students will again require substantial additional support for the University and State College systems. With 12,000 more students, these institutions will require operating funds of $266 million. Commitments for future enrollments will also require additional classrooms and other educational facilities totaling $125 million from the state building bond issue approved at last November's election. This includes $67.5 million for the University of California and $57.6 million for the State Colleges. I again include a modest amount to establish and encourage faculty research within our State College system, as recommended by the master plan under which we are now operating. Research opportunities must be provided if we are to compete and maintain our position in the intellectual market.

One other educational program will provide the means for a State-wide attack on the problem of culturally deprived students who, because of economic, racial, migratory, or other background, fail to realize their educational potential. Leadership within the State Department of Education has been provided to assemble data needed to solve the many facets of the problem, and to conduct research studies in selected school districts. I strongly recommend this program for your approval.

HEALTH AND WELFARE

This budget carries improved programs in the general field of human welfare. It recognizes the need for greater participation in State-local cooperative programs directed toward both mentally ill and mentally retarded persons.

State participation in the Short-Doyle mental health program should be increased by $2,000,000, with the additional money to be applied to new and expanded local programs, including recently authorized multi-purpose centers for the mentally retarded.

Those handicapped, either vocationally or socially, will receive recognition by an increase of $7.5 million in Aid to the Totally Disabled and Aid to Needy Children. This amount will also make a substantial contribution to cost sharing between the counties and the State.

Provision is also made, at a cost of $375,000, for an intensified review and rehabilitation of the industrially injured.

Increased emphasis in this general field also includes special projects for vocationally adaptable mental hospital patients and recipients of Old Age and Survivors Insurance or public assistance to help make them at least partially self-supporting.

WATER DEVELOPMENT

I propose construction of $193 million in State Water Plan projects—more than double the $87 million for the current year.

Of this investment in water facilities, $36 million will come from the California Water Fund and $157 million from the initial sales of water bonds. Inclusion of these self-liquidating bonds in the budget totals, incidentally, is an excellent example of the confusion caused by mixing expenditures from current income with long term capital investment.

Among major expenditures for 1963-64 are $79,998,000 for the Oroville Division, including $29,908,000 for the dam proper; $47,975,000 for the San Luis Project; $17,451,000 for the South Bay Aqueduct, and $15,490,000 for the North San Joaquin Division of the California Aqueduct.

Until now, work on the water project has been largely preparatory. But the coming year marks the beginning of major project construction.

The Oroville Dam will be the largest earthfill dam in the world. The aqueduct system will channel more water to farm, home and factory than any other public project in history.

I can report to you with pride that this plan, historic in conception and scope, is proceeding on schedule, and bids on major units continue to come in under estimate.

AGRICULTURE

The budget contains allocations for research in two areas of vital concern to the future of California's $3 billion agricultural economy. One involves the European Common Market and the other a system of domestic freight rates that I believe to be harmful to California farmers in the national market.

I propose, first, that we employ an economist and staff to protect and promote California agriculture in Common Market and all other foreign trade negotiations.

The Federal government is now discussing tariff adjustments with the Common Market and we expect requests from member countries that would impair the marketing position of at least 20 of California's farm products. The staff I propose to create would develop and assist industry in presenting the case against unfair tariffs in Washington. If we can show a damaging impact on our economy from tariff adjustments, I am certain Washington will resist many of the Common Market demands.

I recommend also that we employ a staff to analyze the effects of restrictive inter-state freight rates on California agriculture, particularly poultry, dairy and livestock producers.

Definite inequities presently exist and we must move as quickly as possible to present the case for adjustment to Federal officials.

Finally, I recommend that we augment our present inspection safeguards against pesticide contamination of milk, fruits and vegetables.

In the current year, we are able to inspect less than one percent of such products reaching the consumer, and find excessive contamination in one out of 20 inspections.

Employment of seven additional chemists in the Department of Agriculture, and purchase of new testing equipment, will enable us to double the present number of inspections.

SALARIES

The State Personnel Board has made recommendations which would require increases of $62 million if all comparable State employees were to be covered. Of that amount, $45 million would be from the General Fund and $17 million from special funds.

The Board has recommended a 10% increase for many, a 5% increase for some, and no increase for still others.

In view of the difficult financial problems facing the State, I am compelled to reduce the total to $30,750,000, $21,830,000 from the General Fund and $8,920,000 from special funds.

The amount provided will permit 5% increases for all those classes designated by the Personnel Board as lagging furthest behind, and another $2,000,000 for apportionment among the other classes to meet inequities causing management problems.

I also propose to submit limited salary increase measures for statutory officials and judges. These measures will be designed to bring these salaries into more equitable relationships with executive and judicial salaries paid in other governmental jurisdictions.

Finally, I propose 5% increases in academic salary funds which will be available for independent apportionment by the University of California and the California State College system.

This message has dealt in detail only with broader expenditure categories. But you will find in the budget other proposals of decisive impact on the State and its future.

Among them are creation of a Human Rights Commission, urban affairs and housing, more highway patrolmen, promotion of tourism, educational television, a youth conservation work program, a broader scope of activity for the Committee on Automation and Technology, continued government reorganization, and enhancement of opportunities for minorities through broader emphasis on apprenticeship training.

Following is a summary of the General Fund condition:

GENERAL FUND CONDITION
(in Millions of Dollars)

	1961-62	*1962-63*	*1963-64*
Beginning Surplus and Reserves, July 1	$61.8	$92.6	$18.8
INCOME:			
Revenues and Transfers	$1,728.2	$1,845.3	$2,099.7
EXPENDITURES:			
State Operations	$607.1	$689.8	$753.5
Capital Outlay	16.8	32.1	14.8
Capital Outlay—Bonds	(88.0)	(158.0)	(148.5)
Local Assistance	1,073.5	1,197.2	1,337.8
Total Expenditures	$1,697.4	$1,919.1	$2,106.1
Committed Reserves	$47.6	$15.2	$8.4
Ending Surplus, June 30	$45.0	$3.6	$4.0

Thank you for your consideration of these proposals. I submit them without regard for partisanship and trust that you will evaluate them in the same spirit.

They represent many hundreds of decisions, reached in an effort to answer the single most dominant question of modern California government: How can we maintain the quality of life in California at a time when momentous growth imposes a relentless pressure on all our resources?

Together, Republicans and Democrats, we have done remarkably well. And we have done best when we have avoided the rancors and bitterness of extreme partisanship.

Let us once more do our best. Let us once more act in California's traditional spirit of affirmation.

We are not here to turn back or stand still but to move boldly forward. This budget is designed to help us do just that, and I herewith submit it to you with pride and with confidence.

Respectfully submitted,

Edmund G. Brown

Governor

Letter of Transmittal

Honorable Edmund G. Brown
Governor of California
State Capitol
Sacramento, California

Dear Governor Brown:

Submitted herewith are the summary statements and detailed schedules for the Budget of the State of California for the Fiscal Year beginning July 1, 1963 and ending June 30, 1964. The programs and expenditure estimates embodied in this document reflect the full and conscientious application of your policies and instructions.

The revenue estimates contained in this budget are predicated on continuation of economic activity at current levels during the first half of 1963 with a rise during the latter half. The extent of this rise is dependent in part on the influence of the President's tax revision program. In addition, the estimated revenues take into account the effects of the recommended adjustments in California's own tax collection schedule. As in the past, these estimates are the result of an exacting appraisal of the economic situation and consultation with leading economists.

The expenditures proposed in this budget were included only after intensive screening to assure compliance with your policies and the realization of maximum economies consistent with meeting the State's obligations.

I wish to again express my appreciation for the co-operation demonstrated by the department heads and their assistants. I must also commend the budget staff for their diligent and able assistance in the preparation of this budget.

Hale Champion

Director of Finance

2—80738

CHART 1

SOURCES AND USES OF STATE FUNDS

1963-64 FISCAL YEAR

Schedule 1

GENERAL BUDGET SUMMARY [1]

	Reference to schedule	Actual 1961-62	Estimated 1962-63	Estimated 1963-64
GENERAL FUND				
INCOME (Revenue and transfers)[2]	2	$1,728,221,900	$1,845,351,753	$2,099,711,412
OUTGO (Expenditures and transfers):[3]				
State Operations	3	$607,168,613	$689,837,944	$753,537,378
Capital Outlay	3	16,787,566	32,119,002	14,753,277
Local Assistance	3	1,073,477,208	1,197,152,941	1,337,852,511
TOTAL OUTGO	3	$1,697,433,387	$1,919,109,887	$2,106,143,166
SURPLUS OR DEFICIENCY OF CURRENT INCOME		$30,788,513	—$73,758,134	—$6,431,754
PRIOR YEAR BALANCES AVAILABLE	4	60,794,771	92,589,396	18,831,262
PRIOR YEAR SURPLUS ADJUSTMENTS	4	1,006,112		
BALANCE, End of Year		$92,589,396	$18,831,262	$12,399,508
LESS: Unencumbered balance of continuing appropriations	4	47,584,578	15,211,930	8,416,113
Surplus Available for Appropriation	4	$45,004,818	$3,619,332	$3,983,395
SPECIAL FUNDS				
INCOME (Revenue, net after transfers)[2]	2	$722,987,642	$789,747,678	$784,026,681
OUTGO (Expenditures, net after transfers):[3]				
State Operations	3	$171,790,406	$196,409,954	$209,659,857
Capital Outlay	3	258,838,575	442,604,018	315,117,253
Local Assistance	3	278,155,635	301,784,152	314,107,485
TOTAL OUTGO	3	$708,784,616	$940,798,124	$838,884,595
SURPLUS OR DEFICIENCY OF CURRENT INCOME		$14,203,026	—$151,050,446	—$54,857,914
PRIOR YEAR BALANCES AVAILABLE		308,954,729	318,862,574	167,812,128
PRIOR YEAR SURPLUS ADJUSTMENTS		—4,295,181		
BALANCES, End of Year		$318,862,574	$167,812,128	$112,954,214
LESS: Unencumbered balance of continuing appropriations	4	89,682,153	42,024,565	21,937,029
Surplus Available for Appropriation	4	$229,180,421	$125,787,563	$91,017,185
CONSOLIDATED TOTALS, ALL FUNDS				
INCOME (Revennes)	2	$2,451,209,542	$2,635,099,431	$2,883,738,093
OUTGO (Expenditures)				
State Operations	3	778,959,019	886,247,898	963,197,235
Capital Outlay	3	275,626,141	474,723,020	329,870,530
Local Assistance	3	1,351,632,843	1,498,937,093	1,651,959,996
TOTAL OUTGO	3	$2,406,218,003	$2,859,908,011	$2,945,027,761
SURPLUS OR DEFICIENCY OF CURRENT INCOME		$44,991,539	—$224,808,580	—$61,289,668
PRIOR YEAR BALANCES AVAILABLE		369,749,500	411,451,970	186,643,390
PRIOR YEAR SURPLUS ADJUSTMENTS		—3,289,069		
BALANCES, End of Year	4	$411,451,970	$186,643,390	$125,353,722
LESS: Unencumbered balance of continuing appropriations		137,266,731	57,236,495	30,353,142
Surpluses, Available for Appropriation	4	$274,185,239	$129,406,895	$95,000,580

[1] The General Budget Summary includes the revenues and expenditures of all state funds and activities that reflect the cost of state government. The transactions involving bond funds, federal funds and other funds (see page 1025) are excluded.

[2] Income for the General Fund includes revenues which were originally deposited in a special fund and subsequently transferred to the General Fund, and transfers of surplus from special funds. Such amounts are reduced from special fund revenues.

[3] Outgo from the General Fund includes amounts transferred to special funds and expenditures from special funds are reduced by a like amount.

Schedule 1-A

GENERAL FUND SURPLUS AVAILABLE FOR APPROPRIATION

JUNE 30, 1963

RECONCILIATION OF THE CHANGES FROM THE PREVIOUS BUDGET ESTIMATES

ENERAL FUND SURPLUS AVAILABLE FOR APPROPRIATION, JUNE 30, 1963, as estimated in the 1962-63 Budget	$2,071,952
Effect of Legislative Action:	
Net reduction in Budget Act appropriations	2,031,986
Special appropriations enacted	—10,174,429
Deficiency appropriations enacted, less than the amounts anticipated in the Budget	4,970,728
Reversion of prior year appropriations	216,800
Transfer from Motor Vehicle Transportation Tax Fund	5,000,000
REVISED ESTIMATE OF GENERAL FUND SURPLUS AVAILABLE FOR APPROPRIATION June 30, 1963, as reported in the Summary of Financial Legislation dated May 31, 1962	$4,117,037
Special Appropriations, Third Extraordinary Session	—12,490

EFFECT OF REVISED ESTIMATES OF REVENUES AND EXPENDITURES, as estimated in the 1963-64 Budget:

	Previous Estimate	Revised Estimate	
1961-62 Fiscal Year			
Revenues (including transfers)	$1,723,909,189	$1,728,221,900	+4,312,711
Expenditures (including transfers):			
State operations	618,857,679	607,168,613	+11,689,066
Capital outlay	36,391,346	16,787,566	+19,603,780
Local assistance	1,083,283,783	1,073,477,208	+9,806,575
1962-63 Fiscal Year			
Revenues (including transfers)	1,887,681,495	1,845,351,753	—42,329,742
Expenditures (including transfers):			
State operations	690,544,937	689,837,944	+706,993
Capital outlay	16,407,429	32,119,002	—15,711,573
Local assistance	1,217,804,448	1,197,152,941	+20,651,507
Unencumbered balances in continuing appropriations	2,676,971	15,211,930	—12,534,959
Prior year surplus adjustments	—2,314,315	1,006,112	+3,320,427
GENERAL FUND SURPLUS AVAILABLE FOR APPROPRIATION, JUNE 30, 1963, as estimated in the 1963-64 Budget			$3,619,332

Schedule 1-B

GENERAL FUND—STATEMENT OF FINANCIAL CONDITION[1]

June 30, 1962

ASSETS		
Cash		
In State Treasury	$122,422,714	
In agency accounts	14,465,068	
Total cash		$136,887,782
Accounts receivable—current		
Equity in feeder funds[2]	$8,268,842	
Due from other funds	1,208,810	
Due from federal government	17,760,235	
Abatements and reimbursements	18,457,001	
Accrued interest income receivable	3,972,411	
Other accounts receivable—current	246,070	
Total		49,913,369
Accounts receivable—deferred		
Accounts receivable revenue	$7,380,822	
Due from other funds	5,898,693	
Due from local governments	10,606,198	
Advance to local agencies for water projects	185,733	
Unreimbursed debt service on school building bonds[3]	131,837,910	
Other deferred accounts receivable	6,200,225	
Total		162,109,581
Deferred charges		
Advances to counties for social welfare	$15,597,563	
Other deferred charges	4,271,745	
Total		19,869,308
Other assets		11,224,048
TOTAL ASSETS		$380,004,088
LIABILITIES		
Accounts payable		
State operations	$25,856,634	
Capital outlay	44,326,918	
Local assistance	35,767,564	
Total		$105,951,116
Due to other funds		2,266,597
Other liabilities		3,034,028
Total liabilities		$111,251,741
RESERVES		
Deferred accounts receivable	$162,109,581	
Uncleared collections	2,829,322	
Other reserves	11,224,048	
Unencumbered balance of continuing appropriations	47,584,578	
Total reserves		223,747,529
SURPLUS		
Surplus available for appropriation		45,004,818
TOTAL LIABILITIES, RESERVES AND SURPLUS		$380,004,088

[1] This statement was prepared by the office of the State Controller. The revenues and expenditures for the 1961-62 fiscal year as reported in this budget are in accordance with the accounts that produce this statement of financial condition of the General Fund.

[2] "Feeder Funds" have been established by law as the depositories for collection of certain major taxes prior to clearance as revenue to the General Fund. The equities stated herein represent the amount of collections which had not been cleared to the General Fund on June 30, 1962.

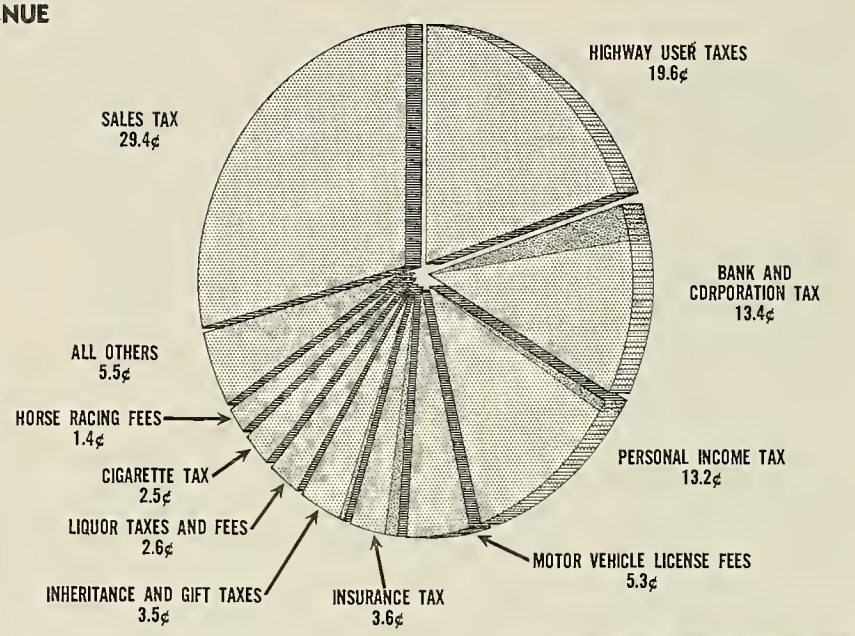
[3] Unreimbursed Debt Service of $131,837,910 represents the accumulated cost of debt service on state school building bonds in excess of reimbursements received from the school districts. The ultimate amount of reimbursements will be limited by each district's ability to pay in relation to its assessed valuation and bonded debt burden. Reimbursements to date have amounted to approximately 40 percent of the total debt service cost from the beginning of the State's public school building loan program.

CHART 2

TOTAL BUDGET DOLLARS

1963–64 FISCAL YEAR

REVENUE



DARK AREAS INDICATE REVENUE FROM CURRENT PAYMENT PROGRAM

EXPENDITURES

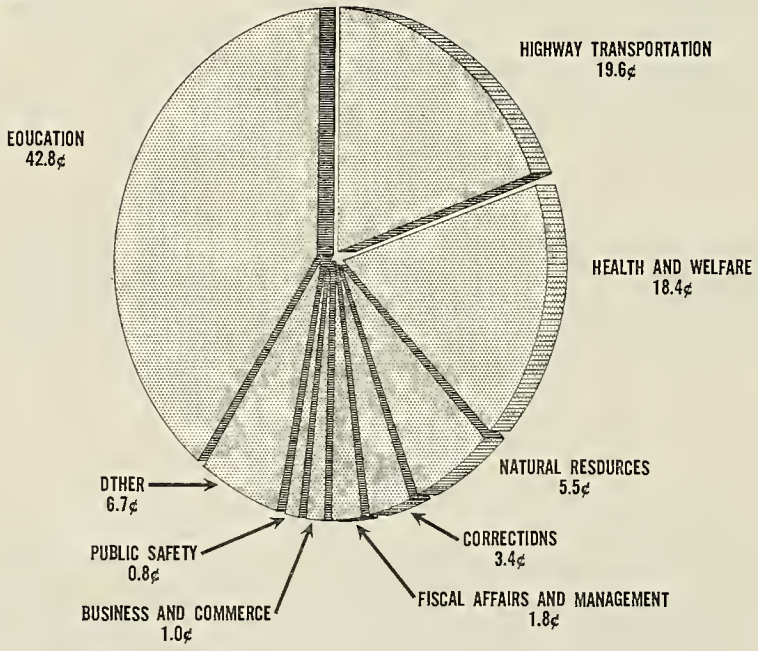
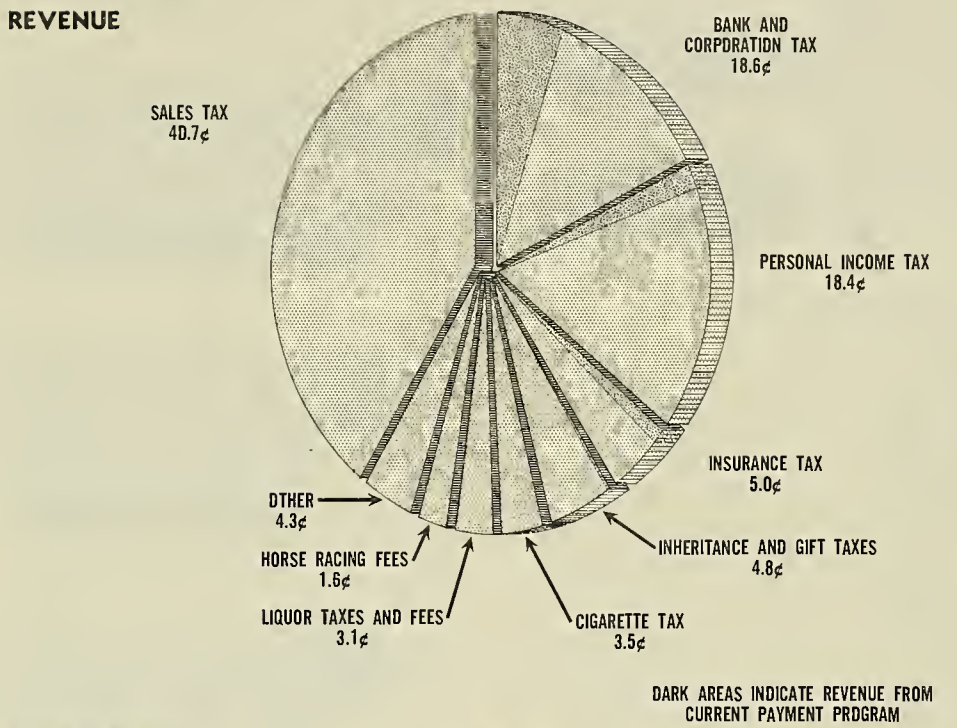


CHART 3

GENERAL FUND BUDGET DOLLARS

1963-64 FISCAL YEAR



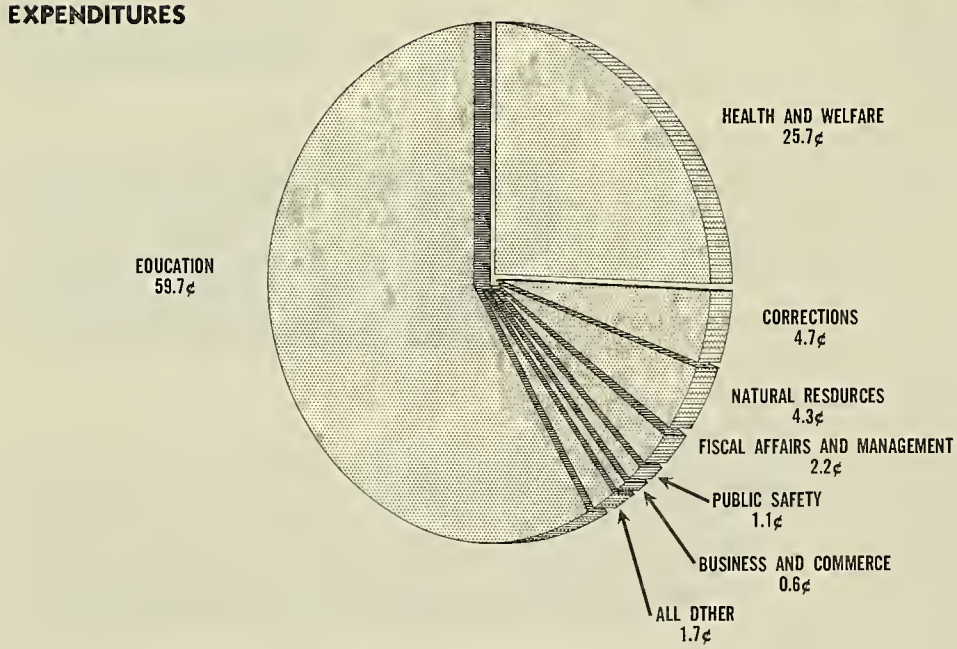
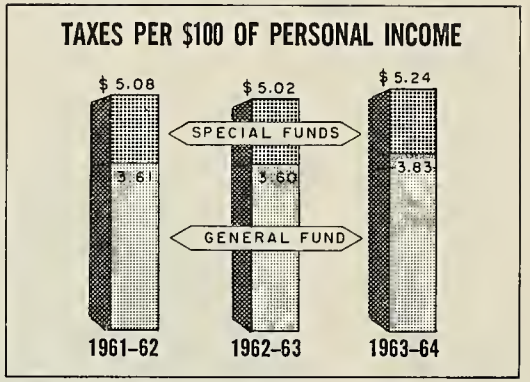
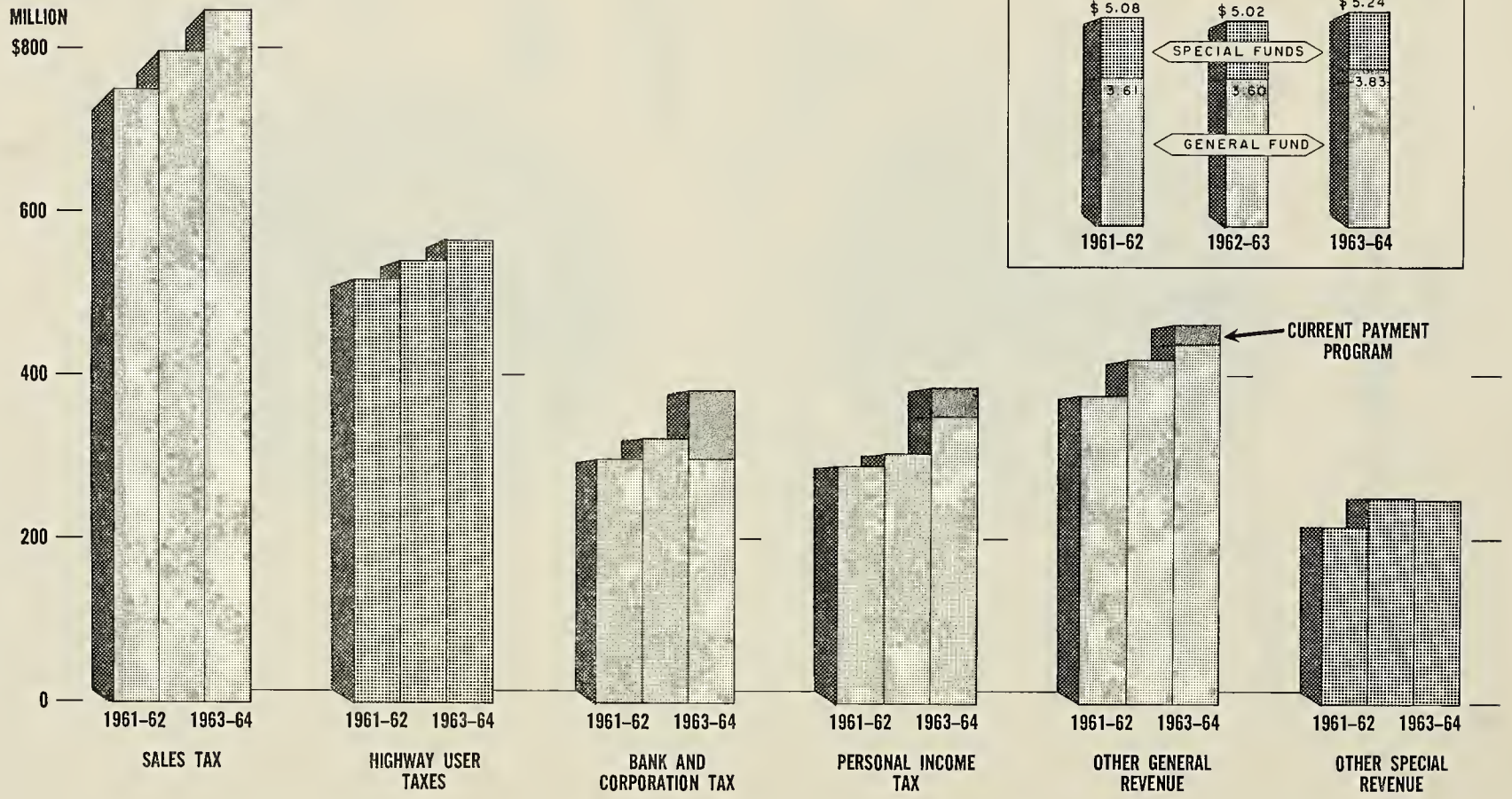


CHART 4

COMPARATIVE REVENUE

1961-62, 1962-63, 1963-64





Revenue Estimates

State revenue receipts totaling $2,883,738,093 are estimated for the 1963-64 fiscal year, according to the forecasts presented in this budget. Of this amount, $2,099,711,412 will accrue to the General Fund and $784,026,681 will constitute income for the various special funds. Approximately $139 million of the General Fund total represents receipts to be obtained under the several features of the revenue program recommended in the Budget Message and $26.3 million comprises a reallocation of special fund receipts.

As the first step in a two-year program to bring individuals and corporations fully current in discharging their tax liabilities, the Governor has recommended elimination of the installment payment privilege after January 1, 1964. Also included are loophole closing amendments in several tax laws, and relinquishing unneeded balances in special funds to meet general service needs. Of the additional revenue total in 1963-64, approximately $84 million will come from banks and business corporations, $22 million from insurance companies, $33 million from individuals. *

The revenue forecasts rest upon two basic assumptions: (1) no major international crisis in 1963; (2) a reduction in Federal income taxes which will stimulate personal consumption and business investment during the latter part of the year. Gross national product in the year as a whole is estimated at $575 billion, up from $553.5 billion last year. Personal income is projected at $456 billion, an increase of $15 billion over the 1962 total. Income of Californians is expected to reach $52 billion, aproximately $2.8 billion (5.7 percent) over last year's record.

General Fund receipts of $2,099,711,000 † will be $254,360,000 greater than the total indicated for the current fiscal year. Most of this increase results from recommended changes in the revenue system. Growth, coupled with the anticipated gradual expansion in the tax base throughout most of the year will account for an increase of $89,060,000. The sales tax will provide $847,000,000, or 40.4 percent of the General Fund total, and will remain by a substantial margin the leading source of State revenue. The levy on net profits of banks and corporations will account for $386,500,000, returning this tax to second place among General Fund sources, while the personal income tax will contribute $382,000,000. Receipts from other major General Fund levies are shown in the adjoining table.

Revenue receipts for the various special funds during 1963-64 are estimated at $804,027,000, an increase of $14,279,000 over the anticipated total for the current year. A transfer of $20,000,000 from the Water Fund to the General Fund for support of education is recommended, and this will reduce special fund income after the transfer to $784,027,000.

For the most part, special fund revenue represents taxes and fees relating to the ownership or operation of motor vehicles. Under constitutional restriction, motor vehicle revenue must be used for some activity connected with highways, roads and streets. Other special fund revenue includes license fees connected with the regulation of businesses and professions; hunting and fishing licenses; and certain oil and mineral royalties earmarked for such special purposes as water resource development. Receipts from principal special fund sources are shown in the lower section of Table 1.

Additional details on State revenues are provided in Schedule 2 of the budget summary, while factors affecting revenue yields are outlined in the remainder of this statement.

Table 1
COMPARATIVE REVENUES
(In millions)

Taxes, fees, etc.	*1961-62 Actual*	*1962-63 Estimated*	*1963-64 Estimated*	*% of total 1963-64*
General Fund:				
Sales and use	$749.5	$794.5	$847.0	29.4
Bank and corporation	290.9	306.5	386.5	13.4
Personal income	299.0	324.2	382.0	13.2
Insurance	71.7	76.2	103.3	3.6
Inheritance and gift	76.0	95.0	100.7	3.5
Cigarette	66.1	71.0	73.3	2.5
Alcoholic beverages *	59.1	61.6	64.5	2.2
Horse racing †	29.7	32.6	32.6	1.1
Other sources **	75.1	83.7	89.8	3.1
Totals, General Fund	$1,717.1	$1,845.4	$2,079.7	72.1
Special Funds:				
Motor Vehicle Fuels	363.8	382.1	397.6	13.8
Registration, weight, etc.	140.7	148.1	151.8	5.3
License (in lieu tax) ††	132.6	141.5	150.9	5.2
Transportation	13.2	9.0	15.0	0.5
Liquor license	10.3	10.5	10.6	0.4
Horse racing	8.6	7.8	9.3	0.3
Other sources	64.8	90.8	68.8	2.4
Totals, Special Funds	$734.1	$789.7	$804.0	27.9
Grand Totals, Revenue	$2,451.2	$2,635.1	$2,883.7	100.0

* Excluding special fund share of liquor license fees.
† Excluding special fund share of horse racing tax.
** Includes $5 million in 1962-63 transferred to the General Fund from the Motor Vehicle Transportation Tax Fund.
†† Excludes General Fund share of vehicle license fee.

Due to the recommended changes in payment dates and adjustments in the bases of personal and corporation income taxes, the insurance tax and the gift tax, amounts shown for these four levies in 1963-64 are not strictly comparable with corresponding figures for the other two years. (See box, Page A-10). This is a particularly important factor in appraising the bank and corporation tax forecast. Recent action by the United States Treasury Department in liberalizing and updating depreciation guidelines for use in tax computations will effect substantially larger depreciation deductions this year. The result will be a smaller volume of taxable profits and a drop in the probable volume of revenue. Thus, the entire increase in receipts from this source shown in the table above is traceable to the accelerated payment procedure which, together with a minor amount of loophole closing, will generate

* Other features of the program are outlined in the material beginning at the end of this page.
† This and all subsequent dollar amounts are rounded to the nearest thousand.

an estimated $83.5 million, more than offsetting a $3.5 million decline otherwise anticipated for this tax.

Similarly, the estimated increase in personal income tax receipts next fiscal year is divided $24.8 million from growth in the tax base and $35.5 million from elimination of the privilege of paying this tax in three installments. The latter figure includes the increase as a result of proposed loophole closing amendments conforming to the changes made last year in the federal tax. These increases will be partially offset by the $2.5 million decrease in income tax payments in the lowest brackets as a resnlt of the Governor's recommendation that liability of less than $5 be canceled in the case of a single taxpayer and less than $10 in the case of a family.

Of the $27 million rise in the insurance tax anticipated for the budget year, $5 million represents recnrring growth and $22 million will be dne to the transition from one annual payment to qnarterly remittances after January 1, 1964.

Bringing the annnal gift tax exemption into conformity with the federal allowance will prodnce an estimated $500,000 in state receipts from this levy.

TWO-YEAR PLAN TO BRING TAX COLLECTIONS CURRENT WITH OBLIGATIONS

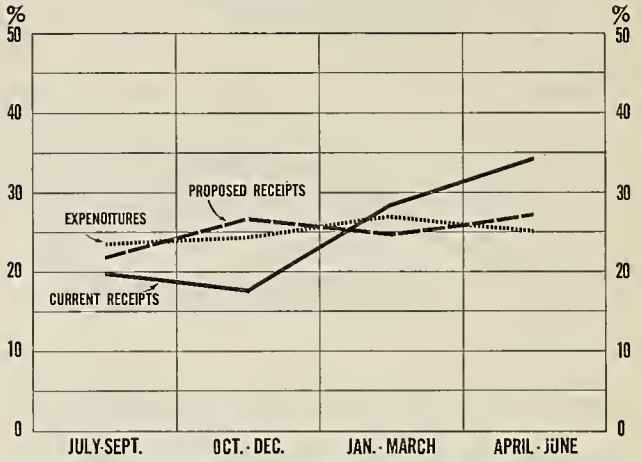
An outline of revenne sources, changes recommended and amonnts involved in each of the two ensuing fiscal years are given in the following summary.

	(In millions) 1963-64	1964-65
Bank and Corporation Tax:		
Eliminate installment payment privilege effective January 1, 1964	$82.5	$10.8
Provide for payment of estimated tax on current business profits, with credit offset for double tax in second year of operation in California	–	32.0
Adopt present Federal limitations on business deductions for gifts, entertainment, club dues, etc.	1.0	1.2
Totals, Bank and Corporation	$83.5	$44.0
Personal Income Tax:		
Eliminate tax liability below $5 (single) and $10 (married or head of household)	—$2.5	—$2.5
Eliminate installment payment privilege effective January 1, 1964	35.0	4.7*
Adopt withholding procedures and estimated tax declarations effective July 1, 1964, with forgiveness of one-quarter of the tax due on 1964 incomes	–	96.2
Adopt present Federal limitations on business deductions for gifts, entertainment, club dues, etc.	0.5	0.7
Totals, Personal Income	$33.0	$99.1
Insurance Tax:		
Provide for quarterly remittance of tax after January 1, 1964	$22.0	$1.5*
Eliminate principal office deduction	†	5.3
Transfer surplus line brokers' tax to the General Fund	–	.7
Eliminate constitutional rate provision	†	‡
Totals, Insurance	$22.0	$7.5
Gift Tax:		
Conform with Federal law by reducing the annual exemption from $4,000 to $3,000	$0.5	$0.5
Totals, Revenue	$139.0	$151.1
Oil Royalties:		
Redistribute royalty income in order to make unneeded balances available for education	$26.3	no estimate
Grand Totals, All Sources	$165.3	$151.1

* Increase due to annual growth in the tax base.
† Requires constitutional amendment.
‡ No change anticipated at this time.

Chart 5

IMPROVED PATTERN OF GENERAL FUND INCOME AND OUTGO



This chart shows the improvement in the flow of State General Fund revenue which will result from income tax withholding and current tax payments by banks, general corporations and insurance companies. The revenue trough experienced in the October-December quarter under the present system will be eliminated, and the peak flow of the April-June quarter will be materially reduced by the proposed plan. At the same time revenue receipts in every quarter will more closely align with expenditure requirements of that quarter.

Revised Estimates

Revenne data for the current fiscal year represent revisions of the material submitted in the Governor's Bndget last February. Against an original estimate of $2,652,472,000, it now appears that revenne in the current year will be $2,635,099,000, a revision of 0.7 percent. Compared with $1,887,588,000 for the General Fnnd, including transfers of horse-racing and transportation tax revenue originally deposited in special funds, the revised total is $1,845,352,000, a decrease of $42,236,000, or 2.2 percent. Special fund receipts, adjusted for the change in method of reporting, were originally projected at $764,884,000 and are now estimated at $789,748,000, an increase of $24,864,000 (3.2%). The latter inclndes $22,800,000 received as bid bonuses for oil drilling rights on State lands had not been anticipated in the estimates prepared last year.

Four elements have contribnted mainly to the change in General Fund receipts. First, the recovery from the 1961 recession low was not quite as robust as had been anticipated. Second, there has been a gradual tapering off in the amount of additional sales tax generated by a given increase in personal income, so that this revenne sonrce is not as productive at high income levels as it gave promise of being a few years ago. This is not a new development, bnt it is now snfficiently prononnced and persistent as to be reasonably measnrable. Third, the liberalized depreciation allowance promulgated by the Federal Government and adopted by the State will reduce the personal income tax and corporation franchise tax this year.

This adjustment in the depreciation schedules was unforeseen in the projections prepared a year ago. Fourth, partly offsetting the first three, the inheritance and gift taxes have proved to be more productive than had been expected earlier. In contrast with an original allowance of $78.1 million, present trends indicate a total of $95 million from these sources in the current year.

A summary comparison of the original forecasts and the revised estimates is given in the table below:

Table 2
COMPARISON OF ORIGINAL AND REVISED REVENUE ESTIMATES, 1962-63
(In millions)

Taxes, fees, etc.	*Original*	*Revised*	*Change Amt.*	*Change Percent*
Alcoholic beverages	$72.1	$72.1	–	–
Bank and corporation	320.3	306.5	—$13.8	—4.3
Cigarette	71.8	71.0	—0.8	—1.1
Horse racing	41.1	40.5	—0.6	—1.5
Inheritance and gift	78.1	95.0	16.9	21.6
Insurance	75.8	76.2	0.4	0.5
Motor Vehicle				
Fuels	381.7	382.1	0.4	0.1
License (in lieu)	143.5	142.6	—0.9	—0.6
Registration, weight	146.9	148.1	1.2	0.8
Transportation	14.5	14.0	—0.5	—3.4
Personal income	330.7	324.2	—6.5	—2.0
Private car	1.8	1.8	–	–
Sales and use	832.5	794.5	—38.0	—4.6
Total Taxes	$2,510.8	$2,468.6	—$42.2	—1.7
Other revenue	141.6	166.5	24.9	17.6
Total Revenue	$2,652.5	$2,635.1	—$17.4	—0.7
General Fund	1,887.6*	1,845.4	—42.2	—2.2
Special funds	764.9*	789.7	24.8	3.2

* Horse racing and transportation tax revenue transferred to the General Fund is shown as General Fund revenue, in accordance with present practice.

ECONOMIC CONDITIONS

The foregoing projections of State revenue in the next fiscal year rest upon two fundamental assumptions:

1. No major international crisis during 1963.
2. A reduction in Federal tax levies after midyear, designed both to stimulate personal spending and to provide greater incentive for business investment.

In the event the first of these premises proves incorrect and there is a substantial heightening of international tension, the revenue forecasts will prove too conservative, because California will share fully in any activity directed toward further strengthening the Nation's defense capabilities.

If the second assumption should prove to be incorrect, the revenue predictions may prove to be high. Without action to raise the level of personal consumption and business investment, it appears unlikely that economic activity in 1963 will reach the levels necessary to generate $2.9 billion in aggregate State revenue.

The pattern of business developments underlying the revenue projections contemplates near stability in total business during the first half of this year, with even less rise than that which characterized the closing half of 1962. It is believed that this unsatisfactory level of performance will add to the pressure for tax adjustments after midyear, and that Congress will approve the President's recommended tax reduction in time to provide a strong thrust to activity late in the year.

Value of gross national production in 1963 is estimated at $575 billion, an increase of $21.5 billion (3.9%) over the indicated total for 1962. It is expected, however, that the annual rate of production in the final quarter of this year will be more than $30 billion above the corresponding level of the quarter just closed.

Personal income in the Nation is estimated at $456 billion, an increase of $15.5 billion (3.5%) over last year. California can anticipate continuation of its growth in economic importance, with the result that income of California residents will rise from an estimated $49.2 billion last year to $52 billion in 1963.

Continued growth will carry California's population to 17,688,000 by midyear, an increase of 594,000 (3.5%) over the comparable number for 1962.

Gross National Product

While 1962 was a year of growth and economic progress, it failed to fulfill initial expectations. After starting a normal upswing from the recession low of early 1961, the recovery lost momentum during the summer months of last year and for a time another recession threatened.

Popularity of new model cars introduced in October and evidence of economic stability in some of the major business indexes brought a return of confidence in the fall and this, coupled with a heightening of international tension, dispelled the threat of recession. It is significant in looking forward to the new year, however, that government—federal, state and local—which comprised a little more than one-fifth of the total output of goods and services accounted for more than one-third of the increase in demand last year.

Again in 1963, government is likely to provide the largest relative increase. Federal expenditures for defense and space exploration are scheduled to rise substantially this year. Other federal expenditures—reflecting both population growth and the salary increase effective last fall—will be greater, despite efforts to relate tax reduction with expenditure reduction. The same factors of growing workload responsibilities and higher pay scales will affect state and local disbursements, continuing the $3 to $4 billion annual increases which have characterized these expenditures during recent years.

In total, purchases of goods and services by all levels of government are likely to reach $127 billion this year, an increase of $9.1 billion over 1962. On this basis, the government sector of the economy will again account for more than one-third of the increase in gross national product. Moreover, the demands for governmental services in the fields of protection, education, health and welfare, conservation and resource development are so insistent as to make an expenditure rise of about these proportions virtually guaranteed.

Business investment in plant and equipment promises to be slightly better in 1963 than in the year just closed. Idle capacity in many lines will curtail expenditures for plant expansion until there is a pickup in consumer demand. Consequently, it is probable that business expenditures will be directed toward further

modernization of equipment essential to meet competition and to turn out new products arising from recent research and development.

It must be emphasized, however, that the potentials of rapid business expansion are currently present as a result of liberalized depreciation schedules, the new tax credit for business investment, and retained earnings. These factors, together with the existence of ample funds from external sources, could provide the basis for a rapid rise in business investment late in the year, if demand is stimulated by adoption of the federal tax adjustments mentioned above.

Neither of the other two major sectors of private investment—residential construction and accumulation of business inventories—is likely to be a greater source of economic strength in 1963 than in 1962. Pending a new wave of family formation later in the decade, residential construction can be expected to continue in roughly the current volume of 1.4 million units a year—sufficient to provide replacements, meet the needs of a shifting population and allow some leeway for the trend to multihome families. Similarly, business inventories are likely to expand only with population growth, though here too an upsurge late in the year is a distinct probability in the underlying pattern of economic assumptions.

The new car market is a major unknown in the area of personal expenditures. Traditionally, the motor vehicle industry has been unable to put together two successive outstanding years. The all-time record in passenger car sales in 1955 was followed by a 17 percent decline. The 1960 peak was followed by an 11 percent decrease in 1961. Will the near record sales volume of 1962—a record volume for California—be followed by a decline in 1963?

The car sales record to date would indicate the contrary, but there is a possiblity that a part of the initial sales volume last fall was borrowed from 1963. Thus, the current year's final total may fall into the historical pattern. For purposes of the revenue estimates, the national sales volume has been assumed to drop from a little more than 7,000,000 last year to 6,350,000 units in 1963.

Other items of personal expenditures can be expected to continue in the gradual upward trend, sustained by population growth, rising incomes, and slightly higher prices. The initial effect of federal tax reductions should produce an increase in expenditnres for nondurables and smaller appliances during the latter part of the year, with an improved market for so-called big ticket items in 1964.

Personal income for the nation this year is estimated at $456 billion, an increase of 3.5 percent over the previous total. This includes allowance for a billion dollar increase in social security contributions by individuals as a result of the higher tax rate effective January 1st. Disposable income is estimated at $398.1 billion, or 4.1 percent above last year's total. An estimated $367.5 billion in personal expenditures will leave $30.6 billion in savings (7.7 percent), a record dollar amount, but below several of the earlier postwar years as a percentage of disposable income.

Corporate profits are estimated at $47.5 billion, compared with $50.8 billion in 1963. Most of the change is the result of larger deductions for depreciation under last year's liberalized allowances.

California Situation

California's dominant position in defense production, electronics and aerospace industries will result in considerably better relative economic conditions in this State than in the nation. Currently, more than one-fourth of all military prime contracts, as measnred by dollar value, are awarded to California firms and approximately the same percentage of defense-space production occurs here. An even larger share of the expenditures for research and development are accounted for by the many California aerospace firms and edncational institutions. With expenditures for defense and space scheduled to increase $4 billion or more and California likely to obtain a larger share of the total, this aspect of national economic developments could readily add a billion dollars to California's economy this year.

Personal income of California residents is forecast at a record-breaking $52 billion, an increase of $2.8 billion (5.7 percent) over the total for 1962. At this level, California will show a continuation of the persistent rise which has carried this State's share of the nation's total personal income from 9.24 percent 10 years ago to 11.4 percent in prospect for this year.

Table 3
ECONOMIC DATA
(Dollar amounts in billions)

	1961 Actual	*1962 Prelim.*	*1963 Estimated*	*Percent Change 1962-63*
National data:				
Gross national product	$518.7	$553.5	$575.0	3.9
Consumer expenditures	338.1	356.0	367.5	3.2
Durable goods	43.7	47.0	46.5	—1.1
Nondurables	155.2	162.0	166.0	2.5
Services	139.1	147.0	155.0	5.4
Private investment	69.3	76.5	77.5	1.3
New construction	41.6	44.5	45.0	1.1
Residential	21.0	23.2	23.5	1.3
Other	20.5	21.3	21.5	0.9
Producers' equipment	25.5	28.7	30.0	4.5
Change in inventories	2.1	3.3	2.5	—24.2
Net exports	4.0	3.1	3.0	—3.2
Government purchases of goods and services	107.4	117.9	127.0	7.7
Federal	57.0	63.0	67.8	7.6
State and local	50.4	54.9	59.2	7.8
Personal income	416.4	440.5	456.0	3.5
Personal taxes	52.8	58.0	57.9	—0.2
Federal	45.0	49.4	48.7	—1.4
State and local	7.8	8.6	9.2	7.0
Disposable income	363.6	382.5	398.1	4.1
Corporate profits	45.6	50.8	47.5 ‡	—6.5
Consumers' price index	104.2	105.4	106.5	1.0
California data:				
Personal income	$45.6	$49.2	$52.0	5.7
Personal taxes	5.5	6.2	6.1	—1.6
Disposable income *	40.1	43.0	45.9	6.7
Spendable resources **	36.5	39.8	42.9	7.8
Taxable sales	24.0	25.8	27.1	5.1
Corporate profits	4.6	4.8	4.5 ‡	—6.2
Population July 1 (million)	16.5	17.1	17.7	3.5
Civilian employment (mil.)	6.1	6.3	6.4	1.7
Consumers' price index †	105.5	107.2	108.3	1.0

* Disposable income of California residents represents personal income less federal and state personal income taxes. Other personal tax and nontax payments have not been deducted.

** Spendable resources of California residents represent disposable income adjusted for estimated changes in short-term consumer credit and in liquid asset holdings of individuals—e.g., money, bank accounts, savings bonds, etc. Amounts are estimated by the State Department of Finance for use in connection with the analysis and projection of sales tax revenue.

† Index for California as computed by the California Department of Industrial Relations, Division of Labor Statistics and Research.

‡ Assuming liberalized depreciation allowances.

SOURCE: National data for 1961 from reports of the Office of Business Economics, U.S. Department of Commerce; preliminary figures for 1962 based on Department of Commerce reports for the first three quarters with fourth quarter estimated by the State Department of Finance; estimates of national data for 1963, estimates of California's population, personal income, personal taxes, disposable income, etc., are based upon studies by the Financial and Population Research Section, Budget Division, State Department of Finance.

The State's population continues to grow by approximately 600,000 a year, and this is another major favorable factor in the economic pattern. It means a continued demand for new homes at about the 240,000 unit rate indicated for last year. It means new urban development, new shopping centers, added school buildings, extended public works and all of the other considerations which enter into modern living.

Taxable retail sales of California stores are estimated $24.8 billion, up $1.2 billion from the indicated total for 1962. Total taxable transactions, including those of building contractors, manufacturers and others will total $27.1 billion, 5.1 percent more than last year.

Corporate profits arising from business operations in this State during 1963 are estimated at $4.47 billion. This allows for the new, liberalized depreciation deductions and compares with an estimated $4.56 billion on the old basis. Corporate profits from California operations last year are estimated at $4.76 billion (old basis).

Additional details on these and other basic national and State economic factors utilized in preparing the budget revenue forecasts are given in Table 3.

GENERAL FUND REVENUE

Nearly three-fourths of the aggregate State revenue will accrue to the General Fund. This includes receipts from such general levies as those on sale of tangible personal property, personal income, corporate profits, and insurance premiums. For the most part, these taxes are geared directly to business conditions in the State and Nation. The aggregate volume of trade, personal income, corporate profits and other similar economic considerations determine the bases. Hence, the estimate of revenue from each source flows directly from the economic assumptions outlined above. The influence of these economic factors upon the several taxes and the methods used in preparing the budget revenue estimates are explained below.

Sales Tax—$847,000,000

29.4% OF TOTAL BUDGET

This 3 percent * State tax on sale of tangible personal property shows almost an immediate and direct relationship with income and business conditions in California. This correlation was demonstrated in 1962 when taxable sales exceeded 1961 by almost $1.8 billion, but fell somewhat short of the increase projected a year earlier. The largest dollar discrepancy between anticipated and actual sales was in producers' equipment and supplies, followed by consumer durables, and consumer nondurables. Building material sales reached the expected level, and motor vehicle sales exceeded the anticipated volume. The general business outlook, which ranged from optimism at the outset to caution at midyear and a recovery of confidence in the fall, was fully reflected in the sales reports. The actual sales volume fell short of the projected by $70 million in the first quarter, $151 million in the second, $325 million during the third, and an estimated $230 million in the fourth.

Taxable sales for 1963 and 1964 are expected to show sizable gains, reflecting the direct impact of the Federal personal income tax reduction and the cumulative effects of various other factors contributing to economic growth. With respect to 1964, however, only the first quarter taxable sales and those of vendors reporting monthly during the second quarter will influence State revenue of the 1963-64 fiscal year.

As in the previous years, forecasts of taxable sales have been prepared by two independent methods. One is based on detailed analyses of trends in per capita sales of more than 40 types of business. Aggregate sales of consumer nondurables, consumer durables (except autos) and motor vehicle supplies have been estimated at $14.57 billion in 1963 and $15.26 billion in 1964, on the basis of this detailed analysis. The corresponding volume of purchases last year was $13.94 billion.

Separate projections of sales were made for motor vehicles, building materials and business plant and equipment. These projections are based on the assumptions concerning business activity, outlined in a preceding section, with allowances for population increases, estimated price changes, and for spending pattern in the appropriate phase of the business cycle.

Motor vehicle sales are expected to decline slightly from the record $4.02 billion in 1962 to $3.86 billion in 1963. Sales for 1964, however, are estimated to rebound and reach $4.08 billion, up 5.7 percent from the 1963 level.

The estimates of taxable transactions by manufacturers and wholesalers, at $5.15 billion for 1963 and $5.36 billion for 1964, indicate a 3.8 percent and a 4.1 percent increase, respectively.

Sales of building materials and taxable transactions of contractors have been projected at $2.97 billion for 1963, up 3.5 percent from the 1962 level, reflecting not only the continuing population influx in California but also expansion of commercial and industrial outlays. For 1964 this component is expected to increase 5.1 percent to $3.12 billion.

The second estimate was obtained from a regression equation relating total taxable sales to spendable resources of California residents. Although this general approach has been used in the previous years, the estimate this year was based on a second degree rather than on a linear equation, as in the past. The second degree curve not only gave a better fit but also was of the shape describing the empirically established relationship that the proportion of income spent on commodities—as contrasted to services—tends to decline as income increases.*

The adjusted estimates of taxable sales were obtained by reconciling the figures from the two approaches and are shown in Table 4, together with the corresponding data for 1962.

Taxable transactions were allocated by quarters on the basis of seasonal patterns, with allowances for

* An outline of the state tax system, showing rates and measures of the various taxes, is given in Table 9.

* The equation is: $Y = -786.945 + 0.81088238X - 0.00000331697X^2$, where Y is taxable sales and X is spendable resources, both in millions of dollars. In this equation, the standard error of Y at 398 million is somewhat smaller than the comparable figure (409 million) obtained from a linear equation.

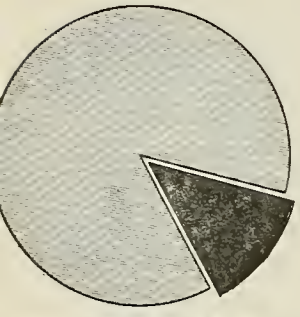
changes in the dates of Easter and other factors affecting fiscal year collections.

After audit adjustments, the sales tax is estimated to yield $794,500,000 for 1962-63 and $847,000,000 for 1963-64, compared to actnal receipts of $749,523,000 for 1961-62.

Table 4
TAXABLE TRANSACTIONS IN CALIFORNIA
(In millions)

	1962	1963	Percent change over 1962	1964	Percent change over 1963
Consumer nondurables	$10,795	$11,307	4.7	$11,800	4.4
Consumer durables, excluding autos	2,054	2,133	3.8	2,260	6.0
Motor vehicle sales	4,016	3,860	—3.9	4.080	5.7
Motor vehicle supplies	1,087	1,130	4.0	1,200	6.2
Building materials	2,870	2,970	3.5	3,120	5.1
Producers' equipment and supplies	4,960	5,150	3.8	5,360	4.1
Unallocated	--	550	--	740	--
Totals	$25,782	$27,100	5.1	$28,560	5.4

Bank and Corporation Tax—$386,500,000



13.4% OF TOTAL BUDGET

Receipts from this tax dnring period covered by the budget will depend primarily upon corporate earnings dnring 1962 and 1963. The estimate of 1962 profits is based upon the results of a carefully selected sample of 636 corporations doing business in California in 61 industry fields. In addition to the request for data on 1962 earnings, the sampled corporations were asked to indicate whether they would nse the revised Federal depreciation guidelines which permit a more rapid write-off of depreciable assets, thus increasing expenditnres and reducing net income and tax liability.

According to the information obtained from this survey, corporate income attributable to California, after adjustment for revised depreciation schednles, totaled $4.54 billion in 1962, down only 0.2 percent from the previous year. A summary of earnings by major indnstry for 1961 and 1962 is shown in the following table.

Table 5
CORPORATE PROFITS BY MAJOR INDUSTRY, CALIFORNIA, 1961 AND 1962
(In thousands)

	1961	1962*	Percent change
Agriculture	$43,090	$46,000	+6.8
Mining and oil production	218,150	216,100	—0.9
Construction	127,000	95.000	—25.2
Manufacturing	1,563,475	1,682,700	+7.6
Trade	601,315	602,750	+0.2
Service	236,803	231,500	—2.2
Financials subject to bank tax	597,476	495,000	—17.2
Real estate, insurance, etc.	357,685	318,150	—11.1
Public utilities	779,332	828,000	+6.2
Other	26,750	27,000	+0.9
Totals	$4,551,076	$4,542,200	—0.2

* After adjustment for new depreciation guidelines.

The estimate of corporate earnings for 1963 is based upon the national outlook and its relation to California. In total, corporate earnings this year are projected at $4.47 billion, slightly below the indicated level of 1962.

The most important feature of the Governor's current payment program for 1963-64 is the elimination of the installment privilege now enjoyed by banks and corporations. Approximately $82,500,000 will be realized as a one-time gain from this action. In addition, the program calls for enactment of loophole closing provisions as they relate to corporations similar to those enacted into the Federal law last year.

After adding collections resnlting from the audit activities of the Franchise Tax Board and from the complementary corporate income tax, revenne from the bank and corporation tax in the bndget year is estimated at $386,500,000. This compares with $306,500,000 in 1962-63 and actual receipts of $290,870,000 in 1961-62.

Personal Income Tax—$382,000,000

13.2% OF TOTAL BUDGET

Personal income of Californians is, of course, the basis of the revenne under the Personal Income Tax Law. As stated in the economic outlook nnderlying the revenue estimates, increases are expected in personal income in 1963 for both the State and the Nation.

California personal income, which reached a record $49.2 billion last year, is estimated at $52 billion for 1963. Details of these totals together with comparable amounts for 1961 are shown in the table below.

Table 6
CALIFORNIA PERSONAL INCOME
(In millions)

Source	1961	1962	1963
Wages and salaries	$30,765	$33,300	$35,200
Proprietors' income	5,082	5,390	5,550
Property income	6,140	6,700	7,230
Other income	4,804	5,160	5,695
Less: Social insurance contributions	1,204	1,350	1,675
Totals	$45,586	$49,200	$52,000

Source: U.S. Department of Commerce, 1961; State Department of Finance, 1962 and 1963.

Wages and salaries, proprietors' income, and property income (interest, dividends and rents) account for more than 85 percent of the cnrrent year self-assessed tax. Capital gains and miscellaneous income —such as annuities and alimony payments, which are not included in Department of Commerce concept of personal income—make up the remainder.

Some types of income tend to be more concentrated in certain income brackets and therefore are subject to different average tax rates. Generally, wage and salary income accumulates in the lower and middle income brackets, proprietors income in the middle brackets and property income in the higher ranges. Thus, an accnrate estimate of the amount of income by type is essential to a reliable forecast of revenue from this sonrce.

Analysis of the relationships existing between each type of income and the amount of tax attribntable to

that income was used to arrive at the total amount of self-assessed tax. The estimate of tax from dividends includes amounts to be paid on the distribution of General Motors stock by the DuPont Corporation. The following table illustrates the relative importance of these components of personal income and the tax attributable to each source in 1961:

	Personal Income (Percent)	*Tax Assessments (Percent)*
Wages and salaries	67.5	54.3
Proprietors' income	11.1	16.3
Property income	13.5	15.1
Interest	6.7	3.5
Dividends	3.3	9.2
Rents	3.5	2.4
Other income	7.9	2.3
Capital gains	--	12.0
Totals	100.0	100.0

A study prepared by the Franchise Tax Board indicated that over half of the capital gains tax was derived from stock sales, and on this basis a relationship was established between the tax attributable to capital gains and stock market activity. The tax of the miscellaneous group was based on a projection of past trends.

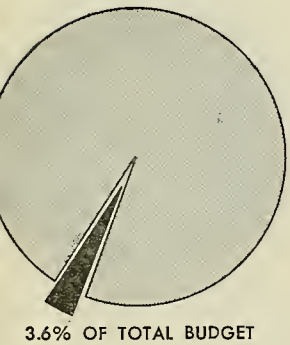
Features of the Governor's recommendations regarding the personal income tax for this budget period include:

1. Cancellation of tax liability of less than $5 (single persons) and $10 (married or head of household).
2. Elimination of the privilege of paying this tax in three installments.
3. Adoption of loophole-closing amendments similar to those contained in the U.S. Revenue Act of 1962.

The first of these recommendations will reduce revenue by $2,500,000 annually, while the second will result in a one-time gain of $35,000,000 and the third will provide an estimated $500,000 annual revenue increase. The estimate also allows for the effect of revised depreciation guidelines.

After adding audit collections by the Franchise Tax Board and converting calendar year data into fiscal years, revenue from the California income tax during 1963-64 is expected to amount to $382,000,000, compared with $324,200,000 in 1962-63 and actual receipts of $299,034,000 in 1961-62.

Insurance Tax—$103,250,000

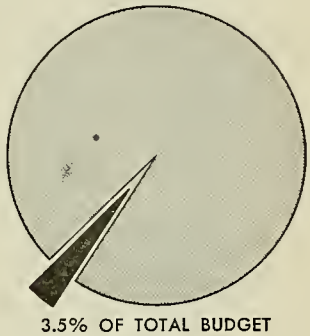


This tax is imposed on premiums written by insurance companies and is in lieu of all levies except those on real estate and motor vehicle fees. The base for 1962-63 was estimated from the replies of 74 insurance companies to a questionnaire asking for their estimates of the percentage changes in the volume of premiums written on major lines of insurance between 1961 and 1962. These companies accounted for almost 65 percent of the total volume of taxable premiums in 1961. The replies indicated a net taxable base of $3,438 million for 1962. Allowing for the special tax rates on annuities and ocean marine insurance and the deduction of property taxes paid by an insurer on its principal office in California, revenue for 1962-63 is estimated at $76,250,000. This compares with $71,699,000 last year.

The tax base for the current year has been estimated by projecting life annuity and disability insurance on the basis of population growth; motor vehicle insurance on vehicle registrations and other lines on recent trends. These projections, after adjustments, resulted in net taxable premiums of $3,680 million, 7 percent higher than 1962. Revenue yield from this base is estimated at $81,250,000.

The current payment program, requiring quarterly remittance of the insurance tax based on the preceding quarter's writings, will add $22,000,000; hence, total receipts in 1962-64 will amount to $103,250,000.

Inheritance and Gift Taxes—$100,750,000



Inheritance and gift tax collections have risen rapidly during recent years, partly as a result of the larger tax base growing out of current property values and partly because of tax adjustments effected in 1959. Collections anticipated in 1963-64 are approximately two and one-half times the volume of four years earlier.

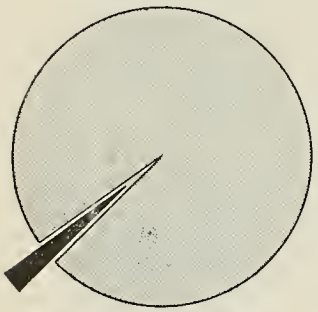
Receipts from these two levies depend primarily upon such variable factors as the number and size of bequests and the relationship between the decedent or donor and the beneficiary. Tax rates rise substantially as the value of the transfer increases and as the relationship recedes. Exemptions are scaled down with the remoteness of the relationship.

An additional factor of uncertainty currently arises from the 1961 law exempting all community property passing to a surviving wife. Formerly one-half of such property had been taxed. It was believed that offsetting adjustments were made in the law, but the amended act has not been in effect long enough to be entirely certain that a complete offset was achieved.

Thus, there are a number of variables in connection with these taxes, and the estimates of revenue inherently are subject to a considerable margin of error. With these qualifications, receipts from the inheritance tax are estimated at $95,000,000 in 1963-64, an increase of $5,000,000 over the projected total for the current year and nearly $25 million above actual receipts last year.

Gift tax collections of $5,750,000 are forecast for the budget period, up $750,000 from the current year. This includes normal growth and the revenue to be obtained by reducing the annual exemption from $4,000 to $3,000, in conformity with the federal provision on this point.

Alcoholic Beverage Taxes—$75,172,000


2.6% OF TOTAL BUDGET

Revenue related to the sale and consumption of alcoholic beverages are of two types: (1) excise taxes collected on beer, wine and distilled spirits and (2) liquor license fees collected from firms engaged in this industry.

The estimates of these taxes are made on the basis of an analysis of per capita trends in relation to income and time. Estimated consumption per adult civilian is given below:

	(In gallons)			
	1961	*1962*	*1963*	*1964*
Distilled spirits	2.975	3.093	3.176	3.274
Beer	23.620	24.030	24.010	24.020
Sweet wine	1.814	1.648	1.626	1.577
Dry wine	1.673	1.727	1.779	1.827
Sparkling wine	.101	.106	.108	.111

Per capita consumption of distilled spirits has shown substantial growth in the past few years. While it is not anticipated that the exceptionally large rise which occurred in 1962 will be repeated, the estimate calls for growth in line with the trends of the past few years. Total consumption of distilled spirits is expected to reach 35,300,000 in 1964, compared with an indicated 31,350,000 gallons in the year just closed.

Per capita beer consumption, which dropped in 1960 and 1961 and increased last year, is expected to remain at about the 1962 level. Taxable sales of beer are estimated at 259,000,000 gallons in 1964, compared to 243,500,000 gallons in 1962. Per capita consumption of sweet wine has been following a downward trend for a number of years with a particularly sharp decrease last year; a continuation of the trend of the past years is forecast for 1963 and 1964. Because of population growth, however, total consumption is expected to equal 17,000,000 gallons in both years, compared to an estimated 16,700,000 gallons in 1962. Conversely, per capita consumption of dry wine has been increasing and continued growth is forecast. Dry wine consumption is estimated at 19,700,000 gallons in 1964, as compared to an estimated 17,500,000 gallons in 1962. Sparkling wine consumption, though still small, has also shown substantial increases and is expected to continue upward. Total consumption is expected to reach 1,200,000 gallons next year, as compared to an estimated 1,070,000 gallons for 1962. The estimates for the excise tax revenue are shown below:

	(In thousands)		
	1961-62	*1962-63*	*1963-64*
Distilled spirits	$45,418	$47,850	$51,200
Beer	10,495 *	9,806	10,133
Sweet wine		336	332
Dry wine		180	190
Sparkling wine		328	345
Total Excise Taxes	$55,913	$58,500	$62,200

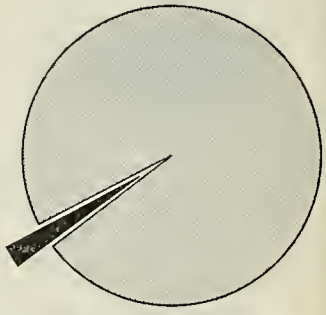
* Cannot be separated due to credits and other adjustments.

Revenue from liquor license fees accrues to both the General Fund and the Alcoholic Beverage Control Fund. General Fund money is composed of application fees for new licenses and intercounty transfers, service charges and 10 percent of all other fees, primarily the annual renewal payments. The remaining 90 percent of other fees is held in the Alcoholic Beverage Control Fund for distribution to the cities and counties. It is anticipated that slightly fewer new licenses will be issued in the current year than in 1961-62, resulting in a small reduction in General Fund money for the 1962-63 fiscal year. The intercounty transfer of licenses is scheduled to expire in June of 1963. This, combined with a reduction in the number of new licenses available, will result in substantially lower receipts for the General Fund in 1963-64.

Revenue for the Alcoholic Beverage Control Fund has increased slowly over the past few years and further small increases have been projected. Amounts for both the General Fund and the Alcoholic Beverage Control Fund are shown below:

	(In thousands)		
	1961-62	*1962-63*	*1963-64*
General Fund	$3,190	$3,100	$2,325
Alcoholic Beverage Control Fund	10,343	10,470	10,647
Total Liquor License Fees	$13,533	$13,570	$12,972

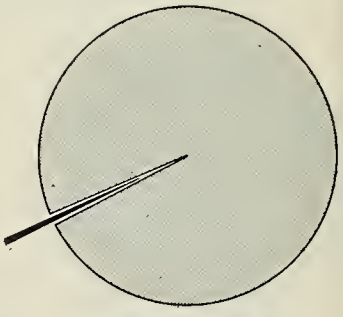
Cigarette Tax—$73,250,000


2.5% OF TOTAL BUDGET

The cigarette tax is estimated on the basis of an analysis of trends in California consumption since the inception of the tax. Per capita civilian consumption is expected to be 141.66 packages in 1964, up about one-half package per individual from last year.

Application of the 3 cent tax rate and the 2 percent distributor's discount to the appropriate fiscal year sales date, yields revenue estimates of $71,000,000 for the current year and $73,250,000 for the budget year, compared to $66,054,000 in 1961-62. Revenue in the latter fiscal year was reduced by about $2 million as a result of legislation allowing cigarette distributors to purchase stamps on credit.

Horse Racing—$41,860,000


1.4% OF TOTAL BUDGET

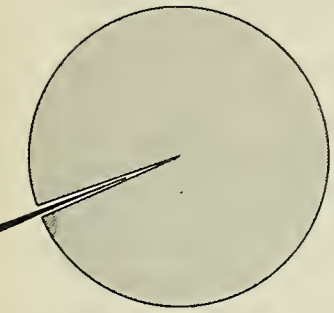
Parimutuel betting on horse races tends to rise with personal income, and the revenue estimated has been prepared on this basis. Correlations between income and betting at each track over a period of years have been used to forecast receipts for future meets. There are a number of other variables, however: (1) The value of daily wagering varies considerably among the several tracks and during the various seasons for the same track; (2) The rotation of the spring, early fall and

late fall meets between the Bay Area tracks creates variations in total betting; (3) Weather conditions also influence track attendance and, consequently, wagering. The unseasonably bad weather in February 1962 probably reduced the volume of betting at the Santa Anita track by $3.5 million, and cut State revenue more than $300,000.

The aggregate handle for all tracks for 1963-64 has been estimated at $556.0 million, compared with $539.6 million for the current fiscal year and $508.4 million last year. The table below shows the amount of revenue from horse racing and the disposition of receipts among the various funds. Since excess revenue in the Fair and Exposition Fund is subsequently transferred to the General Fund, final disposition of receipts is shown instead of initial deposits.

	(In thousands)		
	1962	*1963*	*1964*
Tax on parimutuel pools	$32,769	$34,935	$36,185
Breakage	4,927	5,212	5,315
Unclaimed wagering tickets	326	282	305
License, fines and penalties	51	53	55
Miscellaneous	237	–	–
Totals	$38,311	$40,483	$41,860
General Fund	29,677	32,650	32,607
Fair and Exposition Fund	7,884	7,083	8,503
Wildlife Restoration Fund	750	750	750

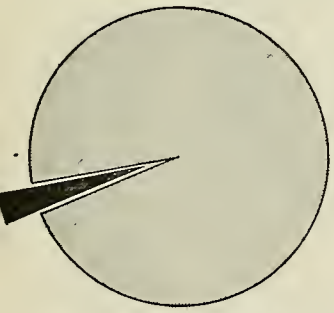
Private Car Tax—$1,954,000



Railroad cars owned by companies other than railroads are taxed by the State rather than by the various local governments. Assessed valuations are determined by the State Board of Equalization and the average statewide property tax rate during the preceding fiscal year is applied against the assessment roll.

Both the assessed value and the tax rate increased in the current fiscal year. As a result, there was a slight rise in the total tax assessment for 1962-63. Allowing for a moderate further increase in tax rates, receipts from this source during the budget year have been projected at $1,954,000, compared with $1,808,000 currently and $1,753,000 in 1961-62.

Non-tax Receipts—$86,785,000



A substantial volume of revenue accrues to the General Fund from sources other than tax levies. These include bonus payments and royalties on the production of oil and gas from State-owned lands; interest on investments and bank accounts; charges for treatment and services at State hospitals, if the patient has private means or is a responsibility of counties; charges to counties for support of Youth Authority wards; and such other items as sale of property and penalty payments for traffic violations.

In total, miscellaneous general receipts will amount to $86,785,000 in the budget year, an increase of $11,076,000 over the corresponding figure for the current period. Principal amounts comprising the total are shown in Schedule 2. It is of interest that these miscellaneous receipts fall into four almost equal categories: Pay patients and county board charges at hospitals and correctional schools—$20.7 million; interest income—$18.3 million; oil and gas royalties—$22.6 million; and all other, chiefly traffic penalties, sale of property and charges for certain services in connection with business incorporations and issuance of stock—$25.1 million. The increase over receipts in the 1962-63 fiscal year is due largely to proposed sale of surplus real property and the change in the distribution of oil and mineral royalty revenue. One of the principal parcels of property was intended for sale in 1962-63 but has been held up by title proceedings which it is anticipated will be completed in time for sale in the next fiscal year.

In line with the recent moves to reduce the earmarking of certain general revenue for specific purposes, this budget takes a further step in releasing revenue from oil and mineral royalties for general purposes. Two years ago receipts from this source were reassigned from beach and park development to the General Fund and General Fund appropriations were provided for beach and park purposes. The current budget makes a similar change with regard to oil and mineral royalties going to the Water Fund. Formerly, a specified amount of royalty income was made available for general purposes and all the receipts above that sum were credited to the Water Fund. In the future, current year needs of the Water Fund will be met first and all amounts above that current need will be deposited in the General Fund. This change will make an additional $6.0 million of current revenue and $20 million unneeded Water Fund balance available for support of education.

SPECIAL FUND REVENUE

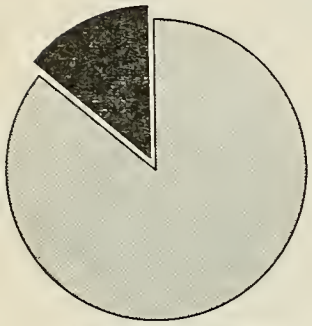
Provisions of the State Constitution, codes and statutes restrict the use of certain revenue to specified purposes, and under California's financial procedure these receipts are separately accounted in various special funds. In general, they comprise three categories of income: (1) receipts from broad tax levies which are allocated to specific functions; (2) charges for special services to specific groups; and (3) certain rentals, royalties and other receipts earmarked for particular purposes. Motor vehicle taxes and fees illustrate the first of these classes. License fees for the regulation of business and professions are typical of the second, while oil and gas royalty revenue assigned in part to water resource development and school support is an example of the third group. Interest earned by the investment of special fund money accrues to the fund for which the investments are held.

Motor vehicle taxes and fees account for 90 percent of all special fund revenue. Principal sources of this income are the levies upon motor vehicle fuel, regis-

tration and weight fees, transportation tax and the vehicle license fee which is levied in lieu of local taxes on this type of personal property. During the 1963-64 fiscal year $716,400,000 will be derived from motor vehicle taxes. Approximately $285 million of this revenue will be returned to local governments, and $1.1 million will accrue to the State General Fund to meet highway fund interest and redemption charges. The remainder will be available for various activities related to state highways and vehicle regulation.

Regulatory fees and charges for special services to industry, business and the professions constitute the second largest source of special fund revenue. Coupled with hunting and fishing licenses, receipts from these sources will amount to $50,000,000 in the coming fiscal year. Rents, royalties and other similar receipts during 1963-64 are estimated to total $11,600,000.

Motor Vehicles Fuel Taxes—$397,600,000



13.8% OF TOTAL BUDGET

The forecast of revenue for the gasoline tax is based upon estimates of the number of vehicles in operation and the average consumption per vehicle. Including exempt vehicles, total registrations are expected to reach 10,000,000 by year-end 1963, up 4.3 percent from last December 31st.

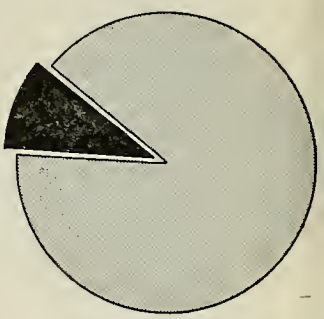
The increasing importance of compact cars in the motor vehicle total, the greater use of lightweight materials and continued growth in multi-car families have tended to decrease the average gasoline consumption per vehicle. This decline is expected to continue, dropping to 620 gallons in 1963-64 from 631 gallons consumed during 1961-62.

With registrations at the ten million level, net taxable gasoline consumption will reach 6.2 billion gallons. This volume at the 6 cent per gallon rate will result in collections from the gasoline tax of $372,000,000 during 1963-64, compared with $358,000,000 in 1962-63 and actual receipts of $340,986,000 in 1961-62.

Diesel fuel consumption is expected to increase in line with the anticipated pickup in economic activity. However, continued use of piggyback hauling of trailers will offset part of this gain. As a result, consumption of diesel fuel is expected to total 350,000,000 gallons in 1963-64 up from 306,700,000 gallons in 1961-62.

Consumption of liquid petroleum gas has been declining over the last few years and has been projected downward for the coming period. Total receipts from the 7 cent per gallon diesel tax and the 6 cent tax on liquid petroleum gas is expected to reach $25,600,000 in 1963-64, compared with $24,100,000 in 1962-63 and actual receipts of $22,785,000 in 1961-62.

Motor Vehicle Fees—$303,800,000



10.6% OF TOTAL BUDGET

The number of units and their value, together with weight in the case of commercial vehicles, determine the bulk of motor vehicle revenue. Sales of new vehicles during 1963 are expected to total 830,000 and an estimated 305,000 vehicles will be brought into the State by people moving to California. Allowing for scrappage and vehicles leaving the State, total fee-paid vehicle registrations at year-end 1963 are estimated at 9,791,000.

Average weight fees paid on commercial vehicles have been declining as greater use is made of lightweight metals in truck and trailer construction. This trend is expected to continue in the coming years and to result in an average fee of $13.83. Drivers' license fees will total approximately $8,000,000 in each of the years covered by this budget.

In the aggregate, receipts from registration and weight fees, drivers' licenses and miscellaneous charges are estimated at $151,800,000 during 1963-64, compared with $148,100,000 in 1962-63 and $140,723,000 last fiscal year.

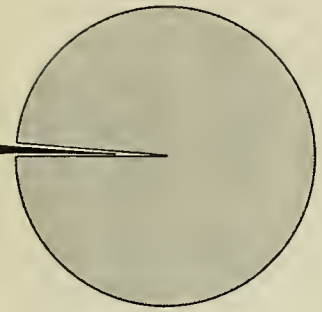
In addition to the number of vehicles, the original market value and age distribution are factors in the determination of vehicle license fee revenue. The average value of new cars appears to be increasing after a brief decline which followed introduction of the compacts. Further increases in average values are anticipated in 1963-64. The average renewal fees on automobiles already in the structure will continue to increase moderately and the combination of higher average fees and a larger volume of registrations will result in an increase of about six percent in automobile license fees in both 1963 and 1964.

Vehicle license fees attributable to trucks, trailers and motorcycles, which account for about 18 percent of the total, are also expected to increase at about a six percent annual rate.

Total fiscal year revenues for motor vehicle fees are shown below.

	(In millions)		
	1961-62 *Actual*	1962-63 *Estimated*	1963-64 *Estimated*
Vehicle license fees	$134.2	$142.6	$152.0
Registration and weight fees	129.4	135.7	139.2
Drivers' license fees	7.6	8.1	8.2
Other	3.7	4.3	4.4
Totals	$274.9	$290.7	$303.8

Transportation Tax—$15,000,000



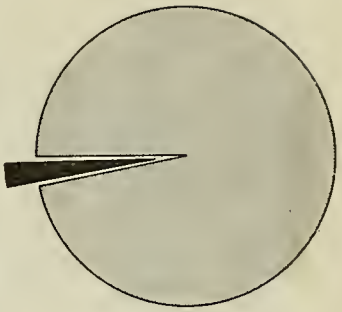
0.5% OF TOTAL BUDGET

Gross receipts from the operation of motor vehicles engaged in the transportation of persons and property for hire outside of city limits are subject to a 1.5 percent tax. This type of activity is also sensitive to business conditions and is estimated by a relationship with personal income of California.

In 1945, legislation was adopted authorizing a $5 million loan from a State General Fund reserve to the Golden Gate Bridge and Highway District. Repayment was originally scheduled to begin in 1971, but legislation adopted last year provided that security for the loan should be transferred to the Highway Fund and repayment to the General Fund should be made from transportation tax receipts.

Therefore the current fiscal year estimate of revenue from this source shows $5,000,000 accruing to the General Fund and $9,000,000 to special funds for highway purposes. This compares with $15,000,000 anticipated during the budget year and actual receipts of $13,187,000 during 1961-62.

Other Special Fund Revenue—$68,817,000



2.4% OF TOTAL BUDGET

In most part, nontax revenue accruing to special funds represents regulatory fees self-imposed by industries and professions, or charges for special services to designated groups. In many instances the distinction between a license fee and a service charge is somewhat vague.

In total, fees and charges during 1963-64 will amount to approximately $40 million, with fishing and hunting licenses the major item, followed by the various license fees for business and the professions.

Oil and gas royalties earmarked for the State Water Fund and for support of public schools will amount to $11,600,000. Interest receipts from investments held for the various special funds are estimated at $10,768,000, while miscellaneous items—chiefly State Fair revenues and penalty charges related to unemployment contributions—will reach nearly $7,000,000 during the budget year.

Table 7

SUMMARY OF STATE POPULATION, INCOME OF CALIFORNIA RESIDENTS, AND STATE TAX COLLECTIONS

Excluding Departmental, Interest and Miscellaneous Revenue

Year	Estimated Population July 1st (Thousands)	Estimated Personal Income (Millions)	Estimated Income per Capita	Fiscal Year	State Tax Collections General Fund (Thousands)	State Tax Collections Special Funds (Thousands)	State Tax Collections Total (Thousands)	Taxes per Capita General Fund	Taxes per Capita Special Funds	Taxes per Capita Total	Taxes per $100 of Personal Income General Fund	Taxes per $100 of Personal Income Special Funds	Taxes per $100 of Personal Income Total
1936	6,341	$4,817	$760	1936-37	$155,047	$63,723	$218,770	$24.10	$9.90	$34.00	$3.22	$1.32	$4.54
1937	6,528	5,132	786	1937-38	172,159	68,161	240,320	26.12	10.34	36.46	3.35	1.33	4.68
1938	6,656	5,088	764	1938-39	166,808	69,288	236,096	24.82	10.31	35.13	3.28	1.36	4.64
1939	6,785	5,257	775	1939-40	174,142	76,813	250,955	25.36	11.19	36.55	3.31	1.46	4.77
1940	6,950	5,839	840	1940-41	195,796	84,553	280,349	27.80	12.00	39.80	3.35	1.45	4.80
1941*	7,049	7,145	1,014	1941-42	238,440	85,768	324,208	33.24	11.96	45.20	3.34	1.20	4.54
1942*	7,297	9,374	1,285	1942-43	274,575	71,906	346,481	36.94	9.67	46.61	2.93	.77	3.70
1943*	7,570	12,033	1,590	1943-44	301,506	72,282	373,788	38.53	9.24	47.77	2.51	.60	3.11
1944*	8,083	13,171	1,629	1944-45	314,237	80,238	394,475	37.84	9.66	47.50	2.39	.61	3.00
1945*	8,523	13,513	1,585	1945-46	355,734	113,392	469,126	37.63	12.00	49.63	2.33	.75	3.08
1946	9,559	16,084	1,683	1946-47	432,859	137,751	570,610	44.64	14.21	58.85	2.69	.86	3.55
1947	9,832	16,637	1,692	1947-48	457,297	228,708	686,005	45.97	22.99	68.96	2.75	1.37	4.12
1948	10,064	17,610	1,750	1948-49	485,368	249,344	734,712	47.58	24.44	72.02	2.76	1.41	4.17
1949	10,337	17,835	1,725	1949-50	524,428	268,177	792,605	49.99	25.57	75.56	2.94	1.50	4.44
1950	10,643	19,627	1,844	1950-51	647,992	295,542	943,534	59.52	27.15	86.67	3.30	1.51	4.81
1951	11,130	22,726	2,042	1951-52	709,245	322,699	1,031,944	62.30	28.35	90.65	3.12	1.42	4.54
1952	11,638	25,089	2,156	1952-53	754,048	346,480	1,100,528	63.53	29.19	92.72	3.01	1.38	4.39
1953	12,101	26,642	2,202	1953-54	772,250	442,538	1,214,788	62.74	35.95	98.69	2.90	1.66	4.56
1954	12,517	27,432	2,192	1954-55	831,899	467,814	1,299,714	65.19	36.66	101.85	3.03	1.71	4.74
1955	13,004	30,224	2,324	1955-56	972,828	524,765	1,497,593	73.18	39.48	112.66	3.22	1.74	4.95
1956	13,581	33,273	2,450	1956-57	1,042,773	554,713	1,597,486	75.13	39.97	115.10	3.13	1.67	4.80
1957	14,177	35,582	2,510	1957-58	1,069,809	572,490	1,642,299	73.99	39.59	113.58	3.01	1.61	4.62
1958	14,741	37,241	2,526	1958-59	1,170,890	594,587	1,765,477	77.98	39.60	117.58	3.14	1.60	4.74
1959	15,288	40,960	2,679	1959-60	1,443,296	633,492	2,076,788	92.66	40.67	133.33	3.52	1.55	5.07
1960	15,863	43,122	2,718	1960-61	1,537,347	656,815	2,194,162	95.14	40.65	135.79	3.57	1.52	5.09
1961	16,453	45,586	2,771	1961-62	1,645,300	669,267	2,314,567	98.09	39.90	137.99	3.61	1.47	5.08
1962	17,094	49,200	2,878	1962-63†	1,769,643	698,968	2,468,610	101.76	40.19	141.95	3.60	1.42	5.02
1963	17,688	52,000	2,940	1963-64†	1,992,926	735,210	2,728,136	110.83	40.89	151.72	3.83	1.41	5.24

* Amounts shown during period of World War II represent civilian population, estimated income of civilians, and per capita civilian income.

† Estimated.

Population data, 1936 through 1949, are based on United States Census Bureau estimates; population, 1950 to date, estimated by the State Department of Finance.

Personal income, 1936 through 1961, from estimates by the Office of Business Economics, United States Department of Commerce. Reported totals for 1941 through 1945 have been adjusted to exclude income of armed forces personnel. Data for 1962 and 1963 are estimates by the State Department of Finance.

Income per capita computed from population and income data shown. Amounts differ somewhat from U. S. Department of Commerce estimates.

Taxes per capita computed on the basis of population January 1st, the midpoint of the fiscal year.

Table 8

COMPARATIVE YIELD OF STATE TAXES, 1945-46 THROUGH 1963-64

(In thousands of dollars)

Year Ending June 30	GENERAL FUND										SPECIAL FUNDS			
	Sales and Use	Personal Income	Banking Corporation [1]	Insurance	Cigarette	Inheritance and Gift	Distilled Spirits Excise	Horse Racing [2]	Beer and Wine	Private Car	Motor Vehicle Fuel [3]	Motor Vehicle Fees [4]	Truck and Bus [5]	Liquor License Fees [6]
1946	$180,461	$45,009	$55,863	$13,763	–	$14,514	$18,191	$22,758	$3,772	$571	$61,075	$37,366	$6,801	$8,980
1947	241,507	51,219	59,151	14,697	–	20,079	16,212	19,062	3,690	580	75,528	51,884	8,077	8,902
1948	275,566	50,185	69,182	17,609	–	20,465	12,399	20,177	3,474	717	120,126	80,210	7,887	8,009
1949	294,565	50,142	75,798	20,557	–	21,797	13,815	17,292	3,749	775	128,397	91,241	7,953	8,598
1950	325,493	60,504	74,806	23,285	–	19,916	12,755	14,822	3,621	911	138,350	101,732	8,378	8,032
1951	399,243	75,891	98,245	23,447	–	23,671	16,094	16,368	3,796	891	149,907	117,680	10,194	8,106
1952	417,693	90,914	120,127	25,732	–	29,165	14,430	20,042	3,730	1,089	162,076	127,809	11,312	7,828
1953	460,110	94,551	119,127	29,171	–	23,474	15,615	20,960	4,069	1,127	170,871	139,406	13,359	8,687
1954	465,051	96,169	125,026	34,325	–	24,112	15,546	22,552	3,989	1,222	234,395	170,519	13,337	8,586
1955	492,917	106,738	133,661	38,501	–	30,250	16,108	22,877	4,172	1,301	244,588	185,505	13,921	9,213
1956	564,225	127,816	157,088	39,104	–	36,334	33,970	24,930	4,373	1,330	273,104	209,817	15,956	9,638
1957	600,102	143,290	167,431	42,529	–	38,540	34,902	26,695	4,361	1,424	291,382	219,266	16,994	10,616
1958	605,238	149,269	173,599	46,037	–	45,331	33,963	25,948	4,595	1,590	302,671	227,153	15,609	11,297
1959	631,514	160,553	174,003	105,832	–	44,943	36,685	28,087	5,129	1,712	317,728	236,177	11,203	11,962
1960	709,648	246,585	240,735	61,530	$64,805	47,189	40,369	36,288	10,016	1,613	336,809	256,303	12,543	12,379
1961	711,702	269,103	272,718	66,745	66,024	76,803	41,274	37,260	9,704	1,668	350,819	264,842	12,511	13,044
1962	749,523	299,034	290,870	71,699	66,054	76,012	45,418	38,311	10,495	1,753	363,796	274,906	13,223	13,533
1963	794,500	324,200	306,500	76,250	71,000	95,000	47,850	40,483	10,650	1,808	382,125	290,700	14,036	13,570
1964	847,000	382,000	386,500	103,250	73,250	100,750	51,200	41,860	11,000	1,954	397,625	303,800	15,036	12,972

[1] Includes the corporation income tax and includes amounts credited to the postwar employment reserve in 1945-46.
[2] Including special fuud share of horse racing revenue.
[3] Includes the motor vehicle (gasoline) fuel tax, use (diesel) fuel tax, and hrokers and producers fees.
[4] Includes registration and weight fees, motor vehicle license fee (in lieu tax) and other fees. Part of the revenue from the motor vehicle license fee is credited to the Geueral Fund.
[5] Motor vehicle transportation tax and permit fees. All revenue from this source accrued to the General Fund in 1945-46 and 1946-47 and the early months of 1947-48.
[6] Includes General Fund share of revenue from liquor license fees.
NOTE: Changes in rates and other features of these taxes have affected revenue yields during the period covered hy this table, hence the data shown are not strictly comparable.

Table 9

OUTLINE OF STATE TAX SYSTEM AS OF JANUARY 1, 1963

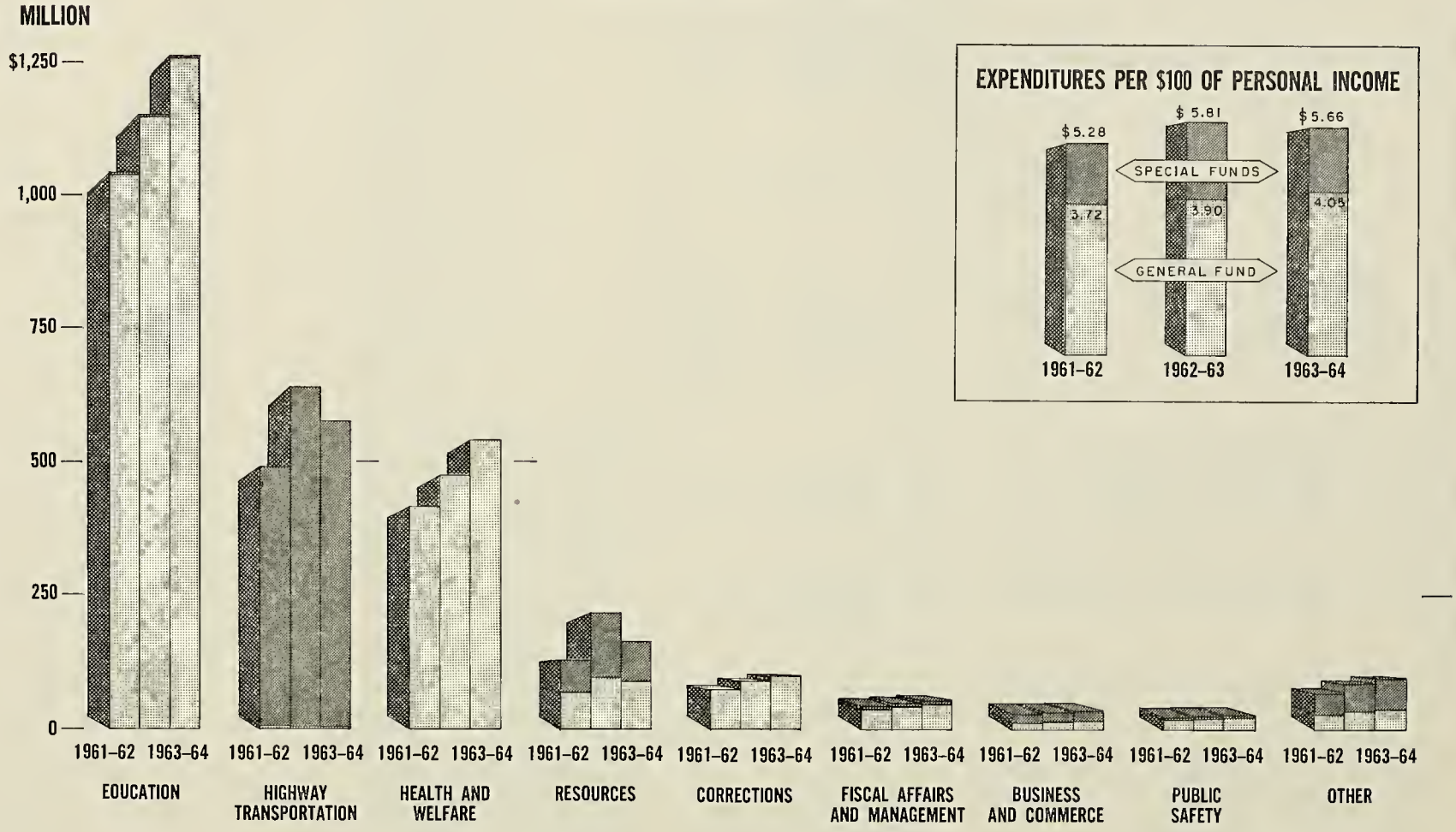
Major Taxes and Fees	Reference		Base or Measure	Rate	Administering Agency	Fund
	Code	Sections				
Alcoholic Beverage Excises:						
Beer	R & T (1)	32151(a)	Gallon (2)	$0.04 (2)	Equalization (3)	General
Distilled spirits	R & T	32201(a)	Gallon	1.50 (4)	Equalization	General
Wine:						
Dry	R & T	32151(b)	Gallon	.01	Equalization	General
Sweet	R & T	32151(c)	Gallon	.02	Equalization	General
Sparkling	R & T	32151(d)	Gallon	.30	Equalization	General
Sparkling hard cider	R & T	32151(e)	Gallon	.02	Equalization	General
Bank and Corporation:						
General corporations	R & T	23151 23501	Net income	5.5% (5)	Franchise (6)	General
Banks and financials	R & T	23181 23183	Net income	9.5% Max.	Franchise	General
Cigarette	R & T	30101	Package (7)	$0.03 (7)	Equalization	General
Gift	R & T	15201	Market value	2–24%	Controller	General
Horse Racing License	B & P (8)	19491	Amt. Wagered Breakage	5–8% 50–100%	Horse Racing Board	Fair and Exposition and General
Inheritance	R & T	13401	Market value	2–24%	Controller	General
Insurance	R & T	12101	Gross premiums (9)	2.35% (9)	Insurance Comm.	General
Liquor License Fees	B & P	23320	Type of license	Various	Alcoholic Bev. Control Dept.	Alcoholic Bev. (10) and General
Motor Vehicle:						
Vehicle license fees	R & T	10751	Market value	2%	Motor Veh. Dept.	Veh. Lic. Fee (11)
Fuel—gasoline	R & T	7351	Gallon	$0.06	Equalization	Fuel (12)
Fuel—diesel	R & T	8651	Gallon	.07	Equalization	Fuel (13)
Registration fee	Vehicle	9250	Vehicle	8.00	Motor Veh. Dept.	Motor Veh. (13)
Weight fees	Vehicle	9400	Unladen weight	Various	Motor Veh. Dept.	Motor Veh. (13)
Transportation	R & T	9651	Gross receipts	1½%	Equalization	Transp. tax (14)
Personal Income	R & T	17041	Taxable income	1–7%	Franchise	General
Private (Railroad) Car	R & T	11401	Valuation	(15)	Equalization	General
Retail Sales and Use	R & T	6051 6201	Receipts from sales of taxable items	3%	Equalization	General

(1) Revenue and Taxation Code.
(2) This tax is levied at the rate of $1.24 per 31-gallon barrel.
(3) State Board of Equalization.
(4) Distilled spirits in excess of proof strength are taxed at double this rate.
(5) Minimum tax $100 per year, not applicable to banks.
(6) Franchise Tax Board.
(7) This tax is levied at the rate of 1.5 mills per cigarette.
(8) Business and Professions Code.
(9) Ocean marine insurance is taxed at the rate of 5 percent of underwriting profit attributable to California business. A special rate also applies to annunities.
(10) For return to cities and counties.
(11) For payment of administrative costs, highway bond interest and redemption and apportionment to counties, cities and school districts.
(12) For administrative expense and apportionment to State, counties and cities for highways, airport and small craft harbors.
(13) For support of State Department of Motor Vehicles, California Highway Patrol, county roads and State highways.
(14) For administrative expenses and State highways.
(15) Average property tax rate in the State during preceding year, which for 1961-62 was $6.54 per $100 of assessed valuation.

CHART 6

COMPARATIVE EXPENDITURES

1961-62, 1962-63, 1963-64



Expenditure Program, 1963-64

California's continuing growth which has brought to it the largest population in the uation has also created a new high in expenditure needs during 1963-64. Although the heavy investments required for institutional building and State-wide water facilities are being met through bonds, the operating budget financed by current income will increase almost seven percent above the level approved for the 1962-63 fiscal year.

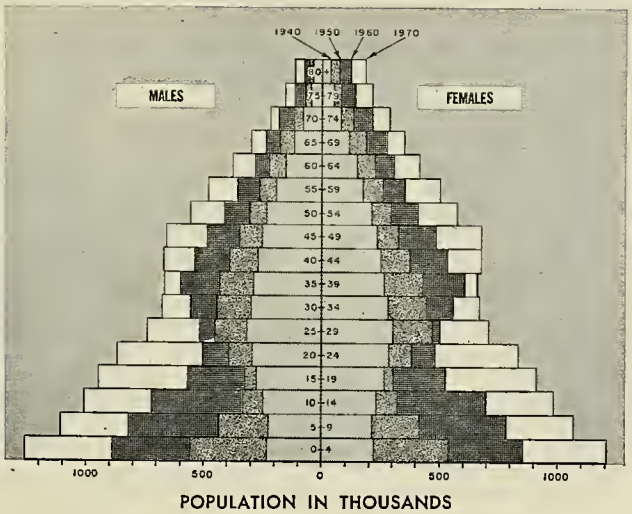
During the coming fiscal year, this State's population is expected to rise from 17,688,000 on July 1, to 18,274,000 on June 30—an increase of nearly 600,000 people. Due to the disproportionate growth of the younger age groups affecting the public schools, higher education, and other institutional populations, this budget as well as all others in this decade will reflect the impact of that growth on all areas of government in the State—without comparable increases in the productive age groups which supply the funds for the needs of our younger people (See Chart 7). These variations within our population structure are comprehensively examined in a later section of this summary on page A-39, entitled Analysis of Expenditure Trends.

In a continuing effort to minimize the cost of services necessary to meet the growth requirements of this decade, the 1963-64 budget has again been prepared uuder a policy which provides additional funds only in those areas of most essential service to the people of this State, and to the students and wards for whom the State is responsible. In addition the Governor is expecting management savings of $5 million during 1962-63 from departmental administrators, and the current year revised budget anticipates this saving.

While increases in expenditures are applied primarily to the maintenance of existing levels of service, improvements are provided in certain areas of continuing urgent need. The most important of these are additional funds for public school support, reforms in the welfare program, strengthening of the State's rehabilitation services—particularly to those injured in industrial accidents, and attacks on such serious problems as school drop-outs, technological unemployment, urbanization, and financing of low-income housing.

Chart 7

CALIFORNIA'S POPULATION GROWTH BY AGE AND SEX PORTRAYED BY THE 1940-1960 CENSUSES, AND BY PROJECTIONS TO JULY 1, 1970



POPULATION IN THOUSANDS

In an attempt to meet these problems, an expenditure program from current income sources of $2,945,-027,761 has been developed for the 1963-64 fiscal year, representing an increase of $187.4 million over the $2,757,632,794 approved by the 1962 Legislature. In addition, $305 million of bond financing will be utilized for capital construction, of which $148 million for State institutional building will be repaid from income in subsequent years, while $157 million for water facilities will be met by future water users. Although these bond expenditures are not included in detailed budget totals, since they are accounted when repaid in future budgets, they can be combined with expenditures from current income to produce a total of $3.25 billion which best expresses the iuvestment impact of the budget program upon California's economy.

Although over-all expenditure increases of $187 million are recommended for 1963-64, this Budget reports a total increase of only $85 million. This apparent iuconsisteucy is created by substantial revisions to the approved 1962-63 expenditure program as shown on the following tabulation:

COMPARISON OF ORIGINAL AND REVISED EXPENDITURES

(In thousands)

	Original 1962-63 Expenditures	Revised 1962-63 Expenditures	Proposed 1963-64 Expenditures	Increase Over Original 1962-63	Increase Over Revised 1962-63
General Fund	$1,924,756	$1,919,110	$2,106,143	$181,387	$187,033
Special Fund	832,876	940,798	838,885	6,009	—101,913
Total	$2,757,632	$2,859,908	$2,945,028	$187,396	$85,120

Two adjustments account for practically the entire revision. The first represents approximately $80 million of unspent highway funds which, by custom, have been brought forward from previous budgets aud simply added on top of the 1962-63 program. In actual practice, a similar amount will probably again remain unspent at the end of the current year, and should be so considered when making comparison of expenditure trends to the 1963-64 budget. The second adjustmeut represents an expenditure of an additional $22 million for water construction projects over the amount originally planned for 1962-63. Since these two capital outlay adjustments, totaling $102 million distort true expenditure trends, it is felt that a more proper comparison of 1963-64 budget expenditures is reflected by the $187.4 million increase over the original budget approved by the 1962 Legislature.

One problem that will be alleviated only temporarily within this budget program is the growing and

incessant pressure from local government upon the State's revenue structure. With its major revenue source—the property tax—rapidly reaching the saturation point in many areas, local goverument is looking more and more towards increased State assistance to provide its historical services. Perhaps oue of the most significant features contained in this entire budget is a recommended Tax Revision Commission, proposed to study the various levels of governmental services, who should perform them, and who should pay for them. Piecemeal solutions are not sufficieut—only a broad scale study at all goverumental levels within the State will provide the lasting framework required.

Even before the full pressure of local ueeds is felt by the State tax base, aid to local government already overshadows all other State costs. As shown in the diagram on the following page (illustrating the three major divisions of Califoruia's expenditure budget), assistance to local government is predominant, exceeding by more than oue-quarter the combined curreut operating costs of State departments and funds for capital construction of highways, institutions aud other State facilities.

Local Assistance

Continuing its gradual growth of the past few years, State assistance to cities, counties, and special districts comprises 56 percent of the entire budget. These grants are primarily for public school support and welfare assistance. They also include certain payments where the State merely acts as a tax collector and returns such funds directly to local goverument (although legally these amounts must be accounted as State expenditures and included in the budget totals). In the aggregate, expenditures for local assistauce are projected at $1,651,960,000, an increase of $153 million or 10.2 perceut over the current year. Two-thirds of the entire budget increase, excluding capital outlay, is recommended here.

State Operations

Costs of operating the various State institutions, departments, boards, commissions, aud iudependeut offices comprise one-third of the budget, or $963 million. Included within the $77 million of additional costs provided for this divisional category are $69 million for required growth needs and $8 million for program improvements in higher education, mental health, and other areas directly affecting the lives of people.

Since the most significant cost of State Operations is contained in the staffiug required to operate the various departmental programs, it is important to note that 136,000 employees are included in 1963-64 requests at a cost of $918 million from State, Federal, and trust funds. Within this total are 7,157 proposed uew positions of which 2,500 are iucluded for the University and Colleges, and the remaiuder provided primarily for institutional staffing, water and highway construction, transportatiou agencies, and employment. For summary purposes, Table 22 on page A-41 contains a breakdown of existing and proposed new positions aud costs for the three fiscal years reported by this budget, subdivided by functional classification.

In addition to the personnel costs listed above, this budget contains $31 million for salary range changes for employee groups most urgently in need of adjustmeut to solve management problems, or to provide comparability with like work iu outside employment. Included within this adjustment program are academic positions at the University aud Colleges, judges, statutory officers, and certain broad civil service classes.

Capital Outlay

Less than one-eighth of total budget expenditures from current income are applied to capital construction—primarily from special fuuds dedicated to highway and water facility construction. Total expenditures from current revenues will drop to $330 million, a decline of $145 million from revised current year projections. As discussed previously, this decrease is particularly deceptive because the 1962-63 highway budget has been augmeuted by $80 million of projects originally scheduled for construction in previous years. A substantial decrease will also be experienced in the California water fund where large construction outlays will be financed for the first time from bond funds which are not included in expenditure totals.

In addition to $157 million of projects financed by water bonds, all major construction for buildings and facilities at the University, State Colleges, mental hospitals, aud correctional institutions will be financed from bond proceeds approved at the 1962 general electiou. A lump sum amount of $20 million from this general obligation bond issue is also reserved for legislative allocation for junior college construction in subsequent years. In total, $305 million of bond funds are programmed for use in 1963-64, with almost the entire increase of $164 million representing the initial large-scale construction of such water facilities as the Oroville and San Luis dams, and aqueduct distribution systems.

Table 10

STATE EXPENDITURES BY PRINCIPAL BUDGET DIVISIONS

(In millions)

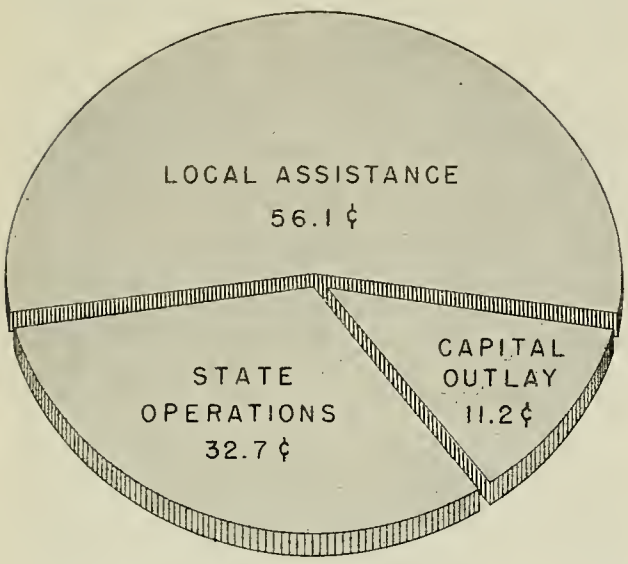
	1961-62 Actual	1962-63 Estimated	1963-64 Proposed	Change from 1962-63 Amount	Change from 1962-63 Percent
State Operations	$779.0	$886.2	$963.2	$76.9	8.7
Capital Outlay	275.6	474.7	329.9	—144.9	—30.5
Bonds, Building	(88.0)	(158.0)	(148.5)	(—9.5)	—6.0
Bonds, Water	(.1)	(.2)	(156.9)	(156.7)	–
Local Assistance	1,351.6	1,498.9	1,652.0	153.0	10.2
Totals	$2,406.2	$2,859.9	$2,945.0	$85.1	3.0

Functional Distribution

It is informative to view also the recommended expenditure program in terms of major activity areas and the amounts devoted to each. To facilitate this kind of appraisal, this expenditure analysis presents a digest of the entire budget on the basis of the nine principal functions contained therein.

So that all applicable costs might be reported for each function, the recommended salary increase aud debt service expense have been distributed among the several functions. Similarly, predictable but curreutly unidentifiable savings anticipated in the current and

Chart 8
MAJOR DIVISION OF THE EXPENDITURE DOLLAR
1963-64



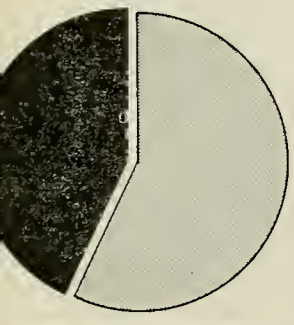
budget years have been reflected in the functional expenditure figures appearing in this statement. These adjustments account entirely for the differences between the figures in this analysis and those reported in the detailed budget schedules.

The recommended expenditure program, after such adjustments, is summarized by function in Table 11 below. With these data as points of reference, and after allowing for the distortions in Special Fund Capital Outlay trends discussed previously, specific functions and programs may be seen more readily in true perspective.

Table 11
EXPENDITURES CLASSIFIED BY PRINCIPAL FUNCTIONS
(In millions)

Function	Proposed 1963-64	Percent of Total	Change from 1962-63 Amount	Change from 1962-63 Percent
Education	$1,261.7	42.8	$111.0	9.6
Highways	577.2	19.6	—64.6	—10.1
Health and Welfare	541.9	18.4	65.9	13.8
Resources	162.8	5.5	—55.8	—25.5
Corrections	96.8	3.4	7.8	8.8
Fiscal Affairs	52.4	1.8	5.8	12.3
Business and Commerce	30.8	1.0	1.8	6.2
Public Safety	23.5	0.8	0.6	2.5
Other	197.9	6.7	12.7	6.9
Totals	$2,945.0	100.0	$85.1	3.0

Education—$1,261,681,000



California's commitment to provide the best possible system of publicly supported education is a policy of long standing. To support this policy, the State's expenditures for education continue to constitute the greatest single portion of the total budget. Programmed at $1.26 billion, the expenditures for this function account for 42.8 percent of all expenditures and more than twice the amount devoted to the function next largest in terms of State cost.

Unmatched increases in enrollments which have boosted the number of students in California's publicly supported schools to the highest in the nation; improvements in curricula required to cope with the evolving technological and social problems of an increasingly complex world; and special educational programs designed to meet special needs combine to dictate the necessity for devoting an ever-increasing share of the budget to educational needs.

Within the total program, the State's responsibilities are diverse and numerous. Assistance to school districts for operation and construction; a university functioning through nine campuses and which is an acknowledged leader in its field; an array of 17 State colleges emphasizing the liberal arts and teaching programs; and special programs for the injured, the handicapped, and the gifted are illustrative of the scope of California's efforts in this most important and fundamental governmental undertaking.

Table 12
EXPENDITURES FOR EDUCATION
(In thousands)

	1961-62 Actual	1962-63 Estimated	1963-64 Proposed	Change from 1962-63 Amount	Change from 1962-63 Pct.
State Operations:					
Department of Education	$7,553	$8,613	$9,509	$895	10.4
Higher Education					
University of California	140,061	158,612	174,697	16,086	10.1
State Colleges	83,603	100,041	114,077	14,036	14.0
Special schools	5,421	5,878	5,962	84	1.4
Other	2,734	3,533	4,219	687	19.4
Totals, State Operations	$239,372	$276,677	$308,465	$31,788	11.5
Capital Outlay:					
Higher Education					
University of California	$1,732	$3,583	$1,954	—$1,629	—45.5
Bond act program	(46,268)	(52,307)	(67,506)	(15,199)	29.1
State Colleges	1,707	4,909	1,101	—3,808	—77.6
Bond act program	(30,661)	(64,469)	(57,609)	(—6,860)	—10.6
Special schools	195	121	57	—64	—58.2
Other bond act program	5	18	148	130	–
Bond act program	(1,648)	(24)	–	(—24)	—100.0
Totals, Capital Outlay	$3,639	$8,631	$3,260	—$5,371	—62.2
Bond act program	(78,577)	(116,801)	(125,115)	(8,315)	7.1
Local Assistance:					
School support	$717,427	$765,086	$843,284	$78,199	10.2
Teachers' retirement	41,237	43,002	47,300	4,298	10.0
Debt service	26,401	37,016	40,544	3,528	9.5
Free textbooks	6,867	8,977	11,796	2,819	31.4
Child care centers	4,948	5,882	5,556	—325	—5.5
Vocational Education	196	230	230	–	–
Other	5,000	5,169	1,245	—3,923	—75.9
Totals, Local Assistance	$802,076	$865,361	$949,956	$84,596	9.8
Grand Total	$1,045,087	$1,150,669	$1,261,681	$111,013	9.6
Bond act program	(78,577)	(116,801)	(125,115)	(8,315)	7.1

The administration and general supervision of public school education through the junior college level is the responsibility of the Department of Education. Among the programs embraced by this broad field are the apportionment of funds for public school support; selection, printing and distribution of free textbooks for the elementary grades; and direct administration of special schools and facilities for the handicapped.

The Department also acts as the cooperating agency in such Federal-State cooperative programs as vocational education, vocational rehabilitation, national defense education, and the distribution of surplus property to eligible agencies.

The 1963-64 Budget of the Department of Education includes funds for the first phase of a 3-year project to strengthen the role of education in the prevention of narcotics addiction and use of dangerous drugs in keeping with the recommendations of the Special Study Commission on Narcotics. During the

first year it is planned to develop specific program plaus, educational materials and teaching aids.

In the area of civil defeuse, the Department is being assigned increased responsibilities for working with public schools in civil defense and disaster preparedness.

The budget also proposes a new program in compensatory education for culturally handicapped pupils. Similar programs, where tried, have brought about marked improvement in the academic achievements of children lacking the cultural and social advantages enjoyed by the majority of California students.

Local Assistance

During the budget year approximately 4 million children, or one person in five of California's total population, will be in kindergarten and grades 1 through 14. This segment of our population, which is growing at a rate far exceeding that of the general population will, during 1963-64, require $813.2 million for public school support. This is an increase of $48 million over the previous year and will provide funds for the education of an additional 220,000 students in the public school system. In addition to the funds proposed to continue the present program, an additional $28 million is recommended to provide additional support for the public school system. These additional funds will allow the State to meet its responsibilities under a countywide plan for public school support which will be proposed to the Legislature during the 1963 Geueral Session. Also recommended is $2 million to increase the level of the foundation program for junior colleges.

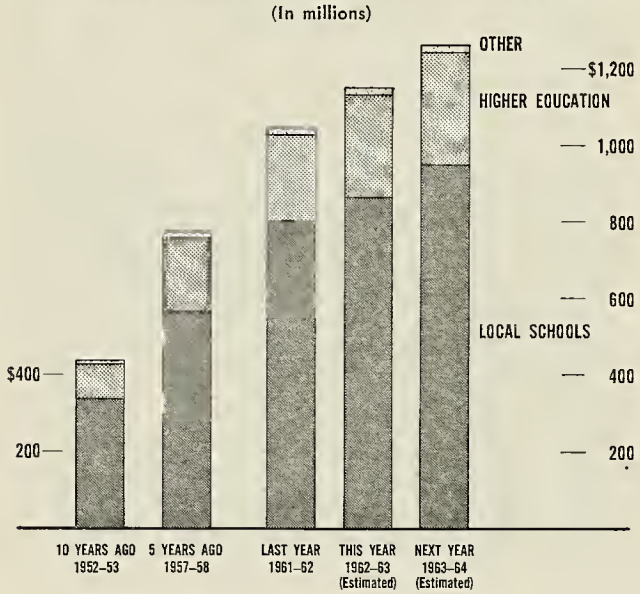
Rising enrollments and new adoptions in the free textbook program for the public schools will require an expenditure of $11.8 million in the 1963-64 fiscal year. The program calls for new adoptions in 6th and 7th grades history and geography texts to be distributed to the public schools by fall of 1964.

Funds for child care centers of $5.6 million will provide for an estimated 1.5 percent increase in hours of attendance over 1962-63. These centers are operated by 48 school districts, primarily in the urbanized areas of the state, to provide low cost care and supervision of children whose parents must work to provide a livelihood for the family.

Chart 9

COMPARATIVE EXPENDITURES FOR EDUCATION

(In millions)



The 1963-64 budget iucludes $850,000 for State assistance to local libraries, which are an integral part of the education process of all citizens, aud, as such, merit assistance from the State. The amount proposed, when applied to areas of greatest need, will make a significant coutribution toward the improvement of public library services in California.

The State will contribute $47.3 million toward the retirement costs of over 27,300 retired teachers in 1963-64, an increase of 10 percent over the prior year. Within this amount is included an improved beuefit program which is intended to partially offset cost of living increases for retired teachers with limited incomes.

A federal cooperative program to deal with the problem of unemployment resulting from automation and technological changes is also included. The Vocational Education Section of the Department will supervise the training aspects of the Manpower Development and Training Act Program. The training will be performed by public schools with full reimbursements of the excess costs. This program will be finauced from federal fuuds through the 1963-64 fiscal year; thereafter, the State would be required to provide matching funds.

The need for assistance to junior colleges for capital outlay purposes is a continuing oue that cannot be adequately met by the tax relief measures currently authorized. For this reason the State Construction Bond Program, approved at the last general election, included $20 million to provide some additional State assistance to the junior colleges in coping with the tremendous enrollment growth they are currently experiencing and that which they face in the near future. It is auticipated that the necessary enabling legislation will be enacted by the 1963 Legislature and $20 million has, therefore, been reserved for this purpose.

Higher Education

During the coming fiscal year the State will support public higher education through three scparate but complementary systems: the locally governed junior colleges financed jointly by the local districts and the State; the Statc colleges offering four and five year liberal arts programs; and a State university emphasizing graduate and professional education. So that these systems may best serve California's growing needs, the Coordinating Council for Higher Education was established in 1961. This advisory body, composed of representatives of public and private higher education and the general public, was created to promote the coordinated and orderly growth of higher education and to advise the Governor and Legislature in this importaut field. Expenditures for direct State responsibilities in this field total $400.3 milliou plus allocations to local districts for junior colleges.

University of California

To maintain its status as a world-recognized center of teaching and research activities, $158 million will

be required in 1963-64 for current operations and $69.5 million in capital outlay to meet future student enrollments. This reflects provision for an estimated 61,277 students on the University's 9 campuses, an increase of 4,074, or 7.1 percent, over the current year.

An increase of $788,000 is required for new and improved programs. Of the major items, $222,000 is included for planning the San Diego Medical School in preparation for an entering class of 32 medical students in the fall of 1965. The amount of $100,000 is proposed to initiate a new Department of Applied Science at Livermore under the College of Engineering at Davis. In the first year, 50 graduate students will be admitted as candidates for masters' and doctors' degrees in this new department.

As part of the new program increases, $250,000 is for the cost of continuing, through the 1963-64 budget year, the academic salary schedule which became effective July 1, 1962.

In the 1963-64 capital improvement program of $69.5 million is the addition of new facilities at each of the operating units of the University. The largest single allocatiou ($10,914,000) is for the new Irviue campus in Orange County to accommodate an entering enrollment of 500 students in September 1965. The largest single project budgeted is a new Chemistry Building for the Berkeley campus at an estimated cost of $5.4 million.

State Colleges

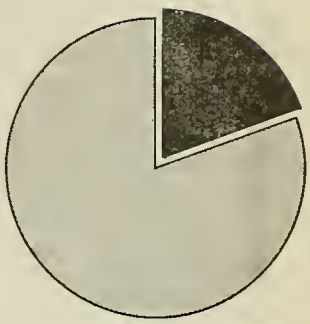
The 17 State colleges,* are administered by the Board of Trustees of the Califoruia State Colleges. These colleges will provide academic programs for an estimated 94,840 students in 1963-64, an increase of 8,435 students, 9.8 percent over current enrollments. The State Colleges have become the fastest growing and largest single complex for higher education in the uation. The individual colleges, each with a geographic, curricular, and academic character of its own, offer solid basic programs in the liberal arts. Beyond this, each college enjoys individuality in academic emphasis which makes for a diversified system. Course offerings leading to the bachelor's and master's degree are designed to satisfy existing student interests and to serve the technical and professional manpower requirements of the State.

The budget totals $114.1 million for current operations providing for the continuation of existing service levels, plus three program improvements. A total of $1.6 million, of which $421,000 appears in the capital outlay program, is provided for library books and processing costs as special allowances to improve library collections from current inadequate levels. A similar program was approved in the 1962 budget. To establish a research program, $500,000 is included for incidental expenses, such as clerical and technical assistance, operating expense and equipment to support classroom-related research projects. A total of $55,000 is provided for faculty travel related to professional development.

The capital outlay budget totals $58.7 million. The additional classroom buildings and related facilities included within this sum will provide capacity for an additional 11,000 students.

* Including San Bernardino-Riverside and South Bay State Colleges which are in the planning stage.

Highway Transportation—$577,179,000



Expenditures for highway transportation related activities constitute the second largest segment of the budget. The construction and maintenance of highways, enforcement of safety and traffic controls, registration of vehicles, and licensing of drivers add up to one of the biggest tasks facing the State Government.

Of the $577.2 million budgeted for this function, nearly $342.6 million will be expended for State highways of which $272.6 million is earmarked for construction, reconstruction, and rights-of-way to keep pace with the ever growing number of vehicles. The regulatory and enforcement activities of the Department of the California Highway Patrol aud the Department of Motor Vehicles will require an aggregate expenditure of $85.2 million. Most of the $149.4 million remainder will be distributed to cities and counties for local roads and streets. In addition, a total of $305.6 million in Federal funds has been allotted to California for development of roads, streets and highways.

Highways

The State highway budget is prepared under the direction of the State Highway Commission. The Streets and Highways Code requires that the budget be submitted to the Legislature, as adopted by the commission, without modification by the Governor. This budget is, however, included in this presentation for comprehensive expenditure reporting purposes. The proposed expenditures for the 1963-64 fiscal year, including Federal funds, totals $692.5 million.

Table 13

EXPENDITURES FOR HIGHWAY TRANSPORTATION

(In thousands)

	1961-62 Actual	1962-63 Estimated	1963-64 Proposed	Change from 1962-63 Amount	Change from 1962-63 Pct.
State Operations:					
Highway patrol	$35,744	$40,785	$40,878	$93	0.2
Department of Motor Vehicles	31,440	36,504	40,203	3,698	10.1
Highway maintenance, etc.	61,339	69,776	70,004	228	0.3
Other	4	–	70	70	–
Totals, State Operations	$128,527	$147,066	$151,155	$4,089	2.8
Capital Outlay:					
Highway Patrol	$259	$529	$2,569	$2,040	386.0
Department of Motor Vehicles	7,553	8,624	1,509	—7,115	—82.5
State highways	219,774	342,242	272,604	—69,639	—20.3
Totals, Capital Outlay	$227,586	$351,395	$276,681	—$74,714	—21.3
Local Assistance:					
For County Roads:					
Fuel tax	$77,402	$81,068	$84,340	$3,272	4.0
Registration fees	13,433	13,938	14,840	902	6.5
State grants-in-aid	4,777	5,630	5,400	—230	4.1
Totals, County Roads	$95,611	$100,637	$104,580	$3,943	3.9
For City Streets:					
Fuel tax	$34,665	$38,117	$39,493	$1,376	3.6
Grade crossing protection	3,534	4,586	5,271	685	14.9
Totals, Local Assistance	$133,810	$143,340	$149,344	$6,004	4.2
Grand Totals	$489,924	$641,800	$577,179	—$64,621	—10.1

The State operations portion of the highway budget is $70.0 million for the maintenance of the 16,355 mile State Highway system and the overhead costs of the headquarters and district offices.

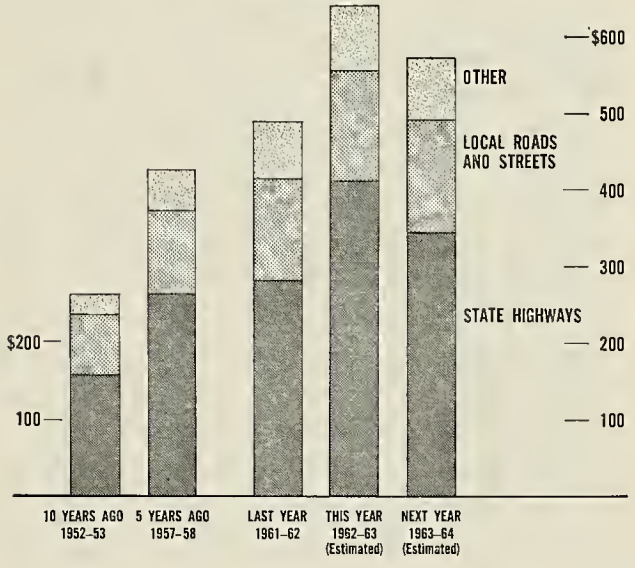
The recommended capital outlays total $568.2 million. Of this amount, $554.7 million (which includes $296.7 million of Federal funds) is for State highway construction and purchase of rights-of-way. The construction program consists of 218 projects, including construction of 267 miles of multi-lane freeway, 31 miles of multi-lane expressway, 23 miles of two-lane expressway (designed for future expansion) and improvement of 26 miles of existing freeways. The capital budget also provides $1.1 million for honor camp construction; $9 million for buildings, plants and equipment; and $3.4 million for Highway Planning. In previous years highway planning was included within the State Operations section of the division's budget.

The budget also provides $58.8 million for road purposes other than State highways. This includes $39.5 million for major city streets based on $\frac{5}{8}$ cent per gallon of the State gasoline tax; Federal aid for county roads on the Federal aid secondary systems amounting to $8.9 million; State allocations to counties of $5.4 million for use in matching these Federal funds; $5.3 million to help finance railroad grade separation projects on local streets and roads; $1.4 million to cities for engineering; and $1 million to pay part of the cost of urban extensions of the Federal aid secondary system. In addition California's 58 counties receive $1\frac{7}{8}$ cents per gallon from State fuel taxes plus allocations from the revenues derived from registration and weight fees. For the 1963-64 fiscal year, these State-collected funds for county roads will total an estimated $99.2 million.

Highway Patrol

The California Highway Patrol operating budget of $40.9 million provides for an additional 75 traffic officers and 7 sergeants to cope with increased enforcement workload resulting from expanding population, registered vehicles increases, and additional miles of highway, and urban developments in rural areas. The State's record of 4,106 deaths and 180,000 injuries during 1962 from motor vehicle accidents is ample evidence of the need for intensified efforts to reduce such a shocking toll.

Chart 10
COMPARATIVE EXPENDITURES FOR HIGHWAY TRANSPORTATION
(In millions)

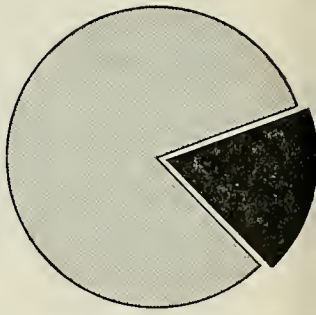


Department of Motor Vehicles

The major activities of the Department of Motor Vehicles are the registration of vehicles, the licensing of drivers, and the determination of the financial responsibility of individuals involved in vehicle accidents. It is estimated that this Department will register 10,077,000 vehicles and issue 2,887,000 licenses to operate vehicles during the 1963-64 fiscal year. In this work the Department will spend $40.2 million, an increase of $3.7 million over the current year total.

The major 1963-64 increase for the Department is for 408.2 employee man-years for increased workload at a cost of $1,983,000. An additional $645,000 is budgeted to reinstate levels of service that were eliminated or reduced in scope. Also recommended is $250,000 for study and training of personnel in connection with the development of an electronic data processing system to automate the drivers' license record file and for file conversion.

Health and Welfare—$541,891,000



18.4% OF TOTAL BUDGET

Third in magnitude are expenditures for programs to combat illness, both physical and mental; to provide assistance to aged, the needy, and the handicapped; and to promote a more healthful environment for the people of California.

Within this broad field, the costs of many activities are shared by local, federal, and State governments—a reflection of the wide-spread, basic importance of these programs socially and economically.

For these purposes, the State's expenditures will total nearly $542 million: $171 million for mental health; $327 million for welfare; and $44 million for public health.

Mental Hygiene

Substantial progress has been achieved in balancing admissions and releases of those suffering from mental illness despite the continued spiraling of State hospital admissions. Since 1959 releases have actually exceeded admissions resulting in a reduction of the number of mentally ill patients hospitalized. The four major developments which have made this result possible are: (1) a higher level of hospital treatment achieved by enriched staffing, intensified treatment programs, and the increased availability of tranquilizing drugs to a larger number of patients; (2) emphasis on research, involving both project and career positions, to assure a comprehensive and balanced

program embracing both applied and basic research; (3) continued growth of staff training at all levels directed toward improved treatment; and (4) strengthening of local mental health services to eliminate the need for large numbers of citizens to leave their home communities because of mental illness. Success in the above areas is best indicated by the fact that 1962-63 year-end resident population will be at the lowest level in the last nine years. The resident population will drop an additional 500 by June 30, 1964, to 33,900 patients. The number of admissions will increase by 1,400 over the current year to a new high of 30,700.

Table 14

EXPENDITURES FOR HEALTH AND WELFARE

(In thousands)

	1961-62 Actual	1962-63 Estimated	1963-64 Proposed	Change from 1962-63 Amount	Change from 1962-63 Pct.
State Operations:					
Mental hygiene	$137,684	$153,721	$164,545	$10,825	7.0
Public health	9,090	10,274	10,757	484	4.7
Social welfare	4,128	4,473	4,617	144	3.2
Other	–	–	63	63	–
Totals, State Operations	$150,902	$168,468	$179,983	$11,515	6.8
Capital Outlay:					
Mental hygiene	$1,684	$2,728	$1,076	—$1,651	—60.5
Bond act program	(3,328)	(8,400)	(6,989)	(—1,410)	—16.8
Public health	64	–	–	–	–
Bond act program	*	–	–	–	–
Totals, Capital Outlay	$1,747	$2,728	$1,076	—$1,651	—60.5
Bond act program	(3,328)	(8,400)	(6,989)	(—1,410)	—16.8
Local Assistance:					
Mental hygiene:					
Mental health service	$2,510	$3,050	$5,450	$2,400	78.7
Public Health:					
Tuberculosis subsidies	$3,580	$3,563	$2,963	—$601	—16.9
Crippled children	6,465	9,273	11,537	2,264	24.4
Aid to local health departments	3,869	4,109	4,241	132	3.2
Aid to counties without health departments	330	414	494	80	19.3
Hospital construction	7,069	11,664	11,668	4	*
Mosquito and gnat control	217	258	259	1	0.3
Physically handicapped children	1,198	1,420	1,676	256	18.0
Totals, Public Health	$22,729	$30,702	$32,838	$2,136	7.0
Social Welfare:					
Old age security	$133,950	$151,357	$160,590	$9,233	6.1
Aid to needy disabled	10,655	19,347	27,883	8,536	44.1
Aid to needy children	77,314	79,396	93,576	14,180	17.9
Aid to the blind	9,363	9,916	10,068	152	1.5
Medical assistance to the aged	–	4,654	23,248	18,594	399.5
Other	4,767	6,412	7,177	765	11.9
Totals, Social Welfare	$236,048	$271,083	$322,543	$51,460	19.0
Totals, Local Assistance	$261,288	$304,835	$360,832	$55,997	18.4
Grand Totals	$413,937	$476,031	$541,891	$65,860	13.8
Bond act program	(3,328)	(8,400)	(6,989)	(—1,410)	—16.8

* Less than $500.

Contrary to the trend in the resident population for mentally ill, the inpatient population for the mentally retarded hospitals has undergone a considerable rise. There are at present substantial numbers of patients on the waiting list for admission to State hospitals for the mentally retarded. A continuing effort is being made to provide additional capacity through conversion of mentally ill facilities and activation of new facilities. This will alleviate the waiting problem to some extent. In the coming fiscal year, at a cost of $1,276,000, the capacities of Porterville and Fairview State Hospitals will be increased by 786 additional beds with the activation of new facilities. In addition research and testing goes forward to develop promising, less expensive, and more effective alternatives to continually increasing hospital capacities.

This budget proposes intensification of treatment, research, training, and community development of mental health services. It provides $379,000 to handle the increased mentally ill admissions and $606,000 to strengthen existing hospital services through the correction of hospital staffing deficiencies and increases for such items as drugs, equipment, rehabilitation supplies, personal care supplies, and miscellaneous feeding supplies. Expansion of post-hospital services is proposed through the provision of $420,000 for 300 additional mentally ill home placements and 200 additional mentally retarded home placements to prevent a buildup of resident hospital population which would otherwise result from the growing admission rate.

Recruitment of qualified personnel is a crucial problem in meeting the needs of California's mental health services. To meet this challenge, the training program includes $236,000 for additional psychiatric residents, career residents, scholarships, internships, and training administration.

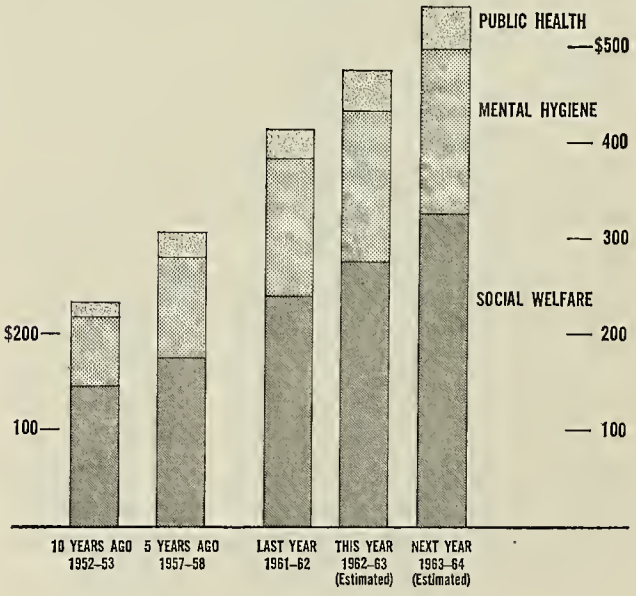
The budget provides $1.5 million during 1963-64 to continue the present comprehensive and balanced research program.

Special programs are proposed in this budget for two segments of the patient population—the old and the young. Development of an intensive treatment program for the inpatient care of emotionally disturbed children and adolescents is proposed at a cost of $177,000. A geriatric program is budgeted in the amount of $222,000 to avoid admissions of persons whose problem is senility rather than mental illness and to accelerate release and placement of elderly patients in the community when specialized hospital services are no longer required.

Chart 11

COMPARATIVE EXPENDITURES FOR HEALTH AND WELFARE

(In millions)



Funds in the amount of $135,000 are proposed to provide administrative strengthening in the areas of acconnting, management analysis, insurance coverage of patients, and disaster planning.

An allocation of $3.5 million is provided to continue expansion of community mental health services (Short-Doyle Program) and thus obviate the necessity for large numbers of citizens to leave their home communities because of mental disorders. Changes in the program to enconrage greater local participation are anticipated dnring the 1963 Legislative Session and $2 million is included iu the budget for this pnrpose.

Capital outlay projects in the budget year totaling $8.1 million are proposed to provide additional auxiliary facilities, to remodel outdated ward buildings, including a limited amount of air conditioning; and to improve physical plants through the correction of other deficiencies. In addition, the first phase of construction is proposed at Modesto State Hospital in the replacement of outdated military structures.

This moderate expansion of the mental health program will require an increase of $6.2 million over cnrrent year expenditures, carrying the cost of this function to $171.1 million in 1963-64.

Public Health

Support expenditures for the Department of Public Health will increase $484,000 over the current year to a total of $10.8 million as the result of workload growth and the strengthening of existing programs.

A new Division of Emergency Health Services is proposed as a result of the reassignment of responsibility for the Public Health Services of the civil defense organization. In additiou to the transfer of the existing functiou from the Disaster Office, service expansions in the amount of $120,000 are recommended, one-half of which are to be financed from Federal grants.

A new program to provide laboratory diagnostic services for enterovirns and respiratory diseases is planned at a cost of $32,000, and the snm of $15,000 is proposed for initial planuing of a program dealing with the medical aspects of safety and accident prevention.

Information for regional hospital planning will continue to be developed in San Francisco and Los Angeles to guide these communities in developing desirable size, location, and service criteria.

The Department of Public Health will assume the responsibility for operating the laboratory investigating problems of air pollution by motor vehicle exhausts. This is cnrrently being operated by the Los Angeles Air Pollution Control District. The laboratory will also provide services to the Motor Vehicle Pollution Control Board.

New federally snpported programs include increases of $75,000 to administer a Statewide program for better medical services to the chronically ill and aged population through stimnlation of local efforts, $52,000 to provide a three year inventory of the services in the State available in the Nenrological and Sensory Disease field, and $108,000 for expansion of services for registration of radiation producing machines.

State assistance to local agencies for public health will increase to $32.8 million in 1963-64, an increase of $2.1 million over the current year. This results primarily from the normal growth in the aid of counties for the care of crippled children (up $2.3 million). There will also be increases in: the physical therapy subvention due to the greater nnmbers of handicapped children who qualify for this care; iu the general public health assistance made by the State in the form of subventions to counties having health departments, and; in services to counties without such departments. Tuberculosis sanitoria expenditures will decrease $0.6 million because of the reduction in patient days made possible by improved techniqnes of early diagnosis and treatment.

Social Welfare

Assistance to California's aged, handicapped and needy citizens in the form of economic aid, medical care, and social services are provided in this budget at an estimated cost of $327.2 million in State funds. This amount is $30.6 million over the $296.6 million proposed for the same pnrposes in the 1962-63 budget, or $51.6 million more than the revised estimate for 1962-63 shown in this budget.

Factors contribnting to the growth of these social welfare programs include the maturing of the improvements inaugurated in recent years, action taken by the Federal Government in liberalizing the national subventions for social welfare, and the recommendations of the Welfare Study Commission.

In 1961, the Legislatnre authorized several changes in the State social welfare program. These included (1) medical assistance for the aged effective Jannary 1, 1962; (2) grant aud cost-of-living increases for the aged, blind, and disabled; (3) modification of the respousible relative provisions; (4) inclusion of non-citizen aged and disabled; and (5) liberalizatiou of property and disability definitions. As a resnlt, caseloads of the varions programs have increased significantly. The downward adjustment in the 1962-63 expenditure estimate is attribntable to a more gradnal increase dnring 1962-63 for the Old Age Security and Medical Assistance for the Aged programs than was anticipated a year ago.

Amendments to the Federal Social Secnrity Act effective in 1962-63 required the State to place considerably more stress on services, training, and rehabilitation as means of reducing dependency and encouraging self-care. The Federal Government, by raising its financial participation from 50 to 75 percent for these new services, will pay most of the increased cost.

On January 1, 1963, the Welfare Study Commission submitted a report to the Governor and Legislature recommending substantial changes in State-connty relations and cost sharing, administrative structnre and procedures, and scope of program. In anticipation of legislation on this snbject, the sum of $7.5 million in the State fnnds proposed for 1963-64 has been included in the budget to finance modifications in the programs for Aid to Needy Children and Aid to the Needy Disabled.

Resources—$162,849,000

5.5% OF TOTAL BUDGET

The combined expenditures of $162.8 million for conservation, development, and constructive use of natural resources place this function fourth in the array of principal budget categories. Despite the generous endowment of native assets, continued population growth imposes demands which cannot be met without the most careful husbanding and judicious use of the State's wealth of natural resources.

High in importance within this function is provision for the second year of full-scale construction effort on the vital Feather River Project. In addition, this category of State operations embraces such essential activities as wild land management and protection, services to agriculture and the extractive industries, protection and management of fish and game, and the acquisition, development, and operation of recreational areas and facilities.

Table 15

EXPENDITURES FOR RESOURCES

(In thousands)

	1961-62 Actual	1962-63 Estimated	1963-64 Proposed	Change from 1962-63 Amount	Change from 1962-63 Pct.
State Operations:					
Agriculture	$17,336	$19,772	$20,844	$1,072	5.4
Conservation	26,598	27,949	30,368	2,419	8.7
Fairs and expositions	6,079	6,259	6,322	64	1.0
Fish and game	10,243	10,982	11,632	650	5.9
Parks and recreation	6,967	8,202	8,827	625	7.6
Water resources	11,960	12,053	12,886	833	6.9
Other	–	–	65	65	–
Totals, State Operations	$79,183	$85,217	$90,944	$5,727	6.7
Capital Outlay:					
Agriculture	$18	$82	$130	$48	59.2
Bond act program	(239)	(157)	–	(—157)	—100.0
Conservation	1,194	2,445	736	—1,710	—69.9
Bond act program	(1,420)	(3,228)	(2,791)	(—436)	—13.5
Fairs and expositions	2,057	2,826	2,082	—745	—26.3
Fish and game	362	234	82	—153	—65.2
Parks and recreation	6,787	12,878	5,639	—7,239	—56.2
Water resources	29,166	87,685	38,990	—48,695	—55.3
Water bond program	(83)	(229)	(156,908)	(156,679)	–
Other	485	895	829	—66	—7.4
Totals, Capital Outlay	$40,070	$107,046	$48,487	—$58,559	—54.7
Bond act program	(1,742)	(3,614)	(159,699)	(156,085)	–
Local Assistance:					
Aid to fairs	$2,207	$3,106	$2,815	—$291	—9.4
Flood control and beach erosion	5,812	23,006	20,325	—2,680	—11.7
Agricultural commissioners	170	171	177	7	3.9
Loans to small craft harbors	270	–	–	–	–
Other	153	100	100	–	–
Totals, Local Assistance	$8,612	$26,382	$23,418	—$2,965	11.2
Grand Totals	$127,864	$218,645	$162,849	—$55,797	—25.5
Bond act program	(1,742)	(3,614)	(159,699)	(156,085)	–

Water Resources

Maximum water conservation and development are among the primary goals of the State. Construction to speed the delivery of water to present and future users is well underway. Proposed budget year expenditures of $204 million indicate the vigor with which this undertaking has been pushed since voter endorsement of the California Water Development Program in November of 1960.

The first sales of bonds authorized under Chapter 1762, Statutes of 1959, as approved by the voters, are scheduled for 1963-64 in the amount of $200 million. Expenditures from this source of $156.9 million are planned during 1963-64 plus $36.6 million from the California Water Fund for planning and construction of State Water Facilities. In addition to these amounts expenditures of $10.5 million from the General Fund are recommended for general planning, regulatory, and administrative responsibilities of the department.

During the current year work was started on the Oroville Dam embankment—the keystone of the entire system of aqueducts, dams and reservoirs stretching from the upper Feather River in the north to Perris Reservoir in Riverside County in the south. Federal contributions of $14 million toward the cost of construction of Oroville Dam for the navigation and flood control aspects were received in the current year and an additional $10 million is expected in the budget year. Construction of the joint Federal-State San Luis Project is on schedule with State advances to the Federal Government estimated at $41 million during 1963-64.

Maximum recreational benefits from the project are being developed in close coordination with the engineering design to assure full usage as soon as each unit becomes operational. To this end, $686,000 is included in the Department of Water Resources' budget for access roads to the recreational area at Frenchman Dam and Reservoir, for recreation development at Antelope Valley, Del Valle, and Airpoint Dams and Reservoirs, and for trees at San Luis Dam and Reservoir.

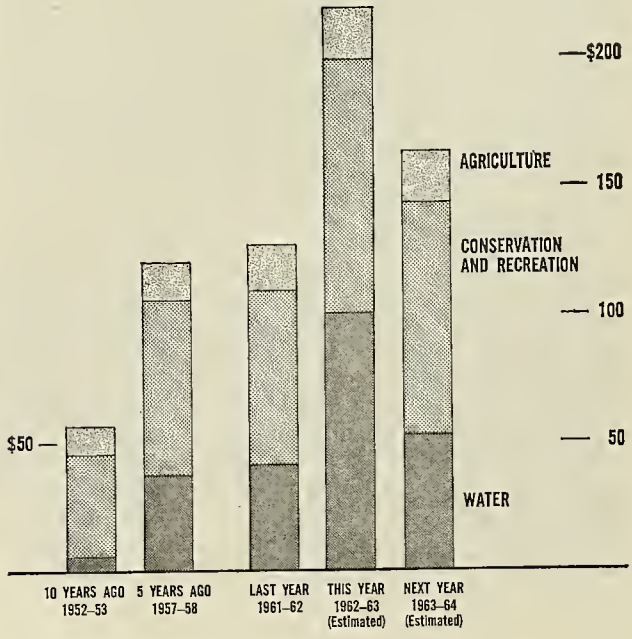
General planning activities financed from the General Fund are continued at virtually the same level for 1963-64; project-oriented planning investigations, however, are increased by $1.1 million reflecting the overall acceleration required in this area.

Approximately $20.3 million is included in the local assistance budget for 1963-64 to finance State participation in flood control and beach erosion projects.

Chart 12

COMPARATIVE EXPENDITURES FOR RESOURCES

(In millions)



Inclnded in this amount are funds for continnation of the State constructed San Joaquin River flood control project.

Conservation

To protect and enhance the State-wide valnes represented by 39,000,000 acres of timber, range, watershed, and recreational lands will require expenditures by the Division of Forestry in excess of $23.2 million during the coming fiscal year. In the accomplishment of this mission the division operates throngh a network of strategically located fire suppression stations and conservation camps.

New conservation facilities scheduled to be opened in the budget year are Black Monntain Conservation facility (80 men) in Sonoma County; and Chino Conservation facility (100 men) in San Bernardino Connty. Two 80-man facilities expected to become operational in the current fiscal year were not completed. One of these, Mono-Inyo Conservation facility, is now expected to be completed on Jnly 1, 1963. The other, Konocti Conservation facility, is dne to be activated on August 1, 1963. As of the beginning of the coming fiscal year, it is estimated that 2,160 Department of Corrections inmates and 345 Youth Anthority wards will man 30 permanent conservation facilities, 3 mobile camps and 3 temporary camps.

To provide adequate fire protection for lands under State responsibility in Mono and Inyo Connties, the Owens Valley Ranger Unit is scheduled for activation. This unit will also plan and assist in pre-suppression work on these valuable watershed lands.

The use of aircraft under contract in controlling and suppressing wildland fires has proven very effective. Intensification of this program is proposed in the budget year to provide better coordination of the aircraft enroute to fires and to assure that aircraft and fire retardants will be available when needed.

The bndget also provides fnnds for the employment of young men between the ages of 16 and 21 to provide opportunities for beneficial experience and constructive work at a modest salary. As planned, this is a pilot program under which these young men (400 maximum) will be assigned to regnlar forestry facilities in accordance with the terms of enabling legislation to be introduced in the 1963 General Session.

Other divisions of the Department of Conservation—Mines and Geology, Soil Conservation, and Oil and Gas—are projected at current levels.

Parks and Recreation

The planning for fntnre recreational lands and developments to meet the demands generated by increased popnlation has been given even greater emphasis in this bndget. A new recreational planning unit in the Division of Recreation is recommended to work with public and private interests in the development of factual information on recreational needs on a State-wide basis and in the formulation of recommendations as to how these needs may be met.
The work of this new nnit will be co-ordinated with and complement that undertaken as part of the preparation of the State Development Plan.

As a consistent and correlative measure, the establishment, through reorganization, of a separate planning nnit within the Division of Beaches and Parks is proposed to improve master project planning and advance project planning for State parks and beaches.

Acceleration of the construction of funded projects is also proposed so that the people of California may enjoy the greatest immediate benefit from the moneys expended for park pnrposes.

Fish and Game

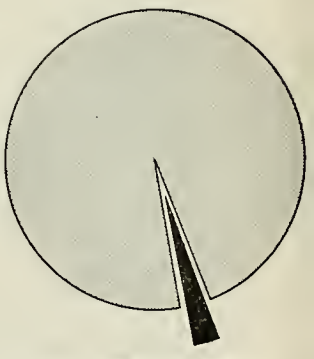
For the protection, propagation and management of the State's fish and wildlife resonrces, the proposed budget for the Department of Fish and Game totals $11.7 million. As recommended, this budget is predicated generally on continuation of present levels of services. Some slight reductions in certain activities are planned, however, to keep expenditnres consistent with the resources of the Fish and Game Preservation Fnnd.

Agriculture

The Department of Agriculture bndget includes $57,000 for the assumption by the Division of Agricultural Economics of new responsibilities related to the Federal Trade Expansion Act of 1962 and transportation rate problems. Factual data will be made available to the agencies involved in tariff discnssions to assure that the effects on California's economy are accurately and fully presented, and stndies will be made of transportation rates affecting the national competitive position of the State's agricultural output.

Testing of agricultural prodncts for pesticides, long a Department of Agricultnre activity, will reqnire an increase of $70,000 to provide the level of surveillance necessary for the protection of the public from toxic effects of pesticides. Expansion of this activity is proposed because of the increased use of pesticides by all segments of indnstry and the conseqnent need for stricter control of the use of pesticides.

Corrections—$96,768,000


3.4% OF TOTAL BUDGET

Among the oldest of governmental responsibilities is the imprisonment of those who have violated the laws of society. Because all but a small fraction of the total number of persons committed to the State's correctional institutions will be released eventually, modern penology programs emphasize the rehabilitative rather than the merely pnnitive approach. Thus the State's correctional function consists of two major phases: confinement, treatment, and training; and supervision and gnidance of parolees.

During the next fiscal year, the Departments of Corrections and Yonth Anthority will operate 22 institntions and 41 conservation camps with an aggre-

gate, average population of nearly 31,200. During this same period these departments will be responsible for nearly 27,000 adult and minor parolees. In addition, the State will provide $3.8 million in assistance to local communities for the establishment and operation of juvenile homes and camps.

Department of Corrections

The Department of Corrections will continue to develop the Nonfelon Narcotic Program and the Conservation Center Program which were inaugurated in the 1962-63 fiscal year. Current commitments for narcotic addiction are being received at the new California Rehabilitation Center near Corona and nonfelon narcotic inmates are now being transferred from other institutions to this center. If proposed legislation is adopted in 1963, the population of this center could also include persons committed to correctional institutions for habitual use of dangerous drugs. The projected population for this facility is 1,615 on July 1, 1963, increasing to 2,310 by June 30, 1964.

Table 16

EXPENDITURES FOR YOUTH AND ADULT CORRECTIONS

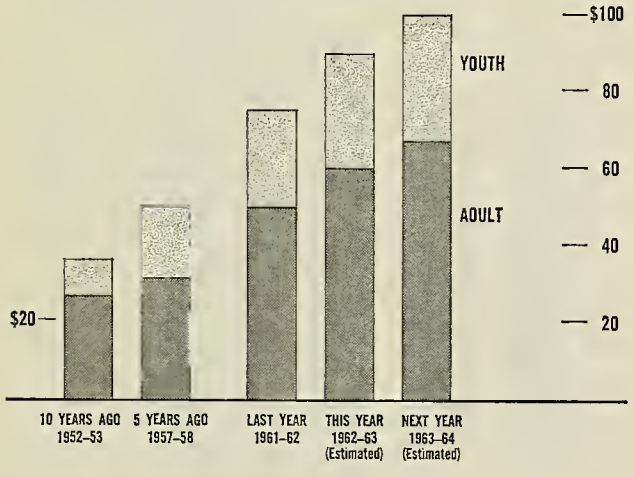
(In thousands)

	1961-62 Actual	1962-63 Estimated	1963-64 Proposed	Change from 1962-63 Amount	Change from 1962-63 Pct.
State Operations:					
Youth facilities	$21,289	$25,221	$27,294	$2,073	8.2
Adult facilities	48,071	57,567	64,186	6,618	11.5
Other	–	–	69	69	–
Totals, State Operations	$69,360	$82,788	$91,549	$8,761	10.6
Capital Outlay:					
Youth facilities	$1,966	$1,900	$1,006	—$893	—47.0
Bond act program	(2,256)	(18,606)	(1,964)	(—16,642)	—89.4
Adult facilities	1,376	1,157	414	—742	—64.2
Bond act program	(1,837)	(8,994)	(10,315)	(1,322)	14.7
Totals, Capital Outlay	$3,342	$3,056	$1,420	—$1,636	—53.5
Bond act program	(4,093)	(27,599)	(12,280)	(—15,320)	—55.5
Local Assistance:					
Juvenile homes and camps	$2,345	$2,773	$3,087	$314	11.3
Construction of juvenile institutions	423	305	685	379	124.1
Other	–	27	27	–	–
Totals, Local Assistance	$2,768	$3,105	$3,799	$694	22.4
Grand Totals	$75,470	$88,949	$96,768	$7,819	8.8
Bond act program	(4,093)	(27,599)	(12,279)	(—15,320)	—55.5

Chart 13

COMPARATIVE EXPENDITURES FOR CORRECTIONS

(In millions)



The Conservation Center program is progressing with the first reception of inmates in January of this year at the center in Susanville and the conversion of the Chino Branch, California Institution for Men, to the Conservation Center, Southern Branch, planned for July 1, 1963. Projected population for this center and its branch is 1,176 on June 30, 1963, with an increase to 2,991 by June 30, 1964.

In a continuing effort to increase the effectiveness of the parole program and to improve rehabilitation systems, the Department of Corrections proposes to establish a demonstration community correctional center in 1963-64. Although the $110,000 cost is minimal and the center is planned only as a demonstration project, the anticipated benefits are large. The several functions pertaining to parole currently performed by the parole districts and institutions will be combined in this center with a halfway house and sheltered workshop. The center will offer a solid transitional step from confinement in a penal institution to membership in free society. In reverse it will offer a convenient, economical, less institutionalized setting to which parolees who are in danger of violating their paroles can be returned for needed therapy. A pilot program to test the effectiveness of a portion of the community center plan was started in 1962 with the opening of a halfway house in Los Angeles financed from foundation grants.

It is expected that the center will also demonstrate that both the State and the individual will benefit from increased community interest and greater understanding of the State correctional program.

Reorganization plans within the department include full institution status for the Tehachapi Branch of the California Institution for Men which will become the California Correctional Institution at Tehachapi on July 1, 1963. On the same date the Chino Branch of the California Institution for Men will become the Southern Branch of the California Conservation Center.

During the next fiscal year, the Department of Corrections will operate 12 institutions with an average daily population of 24,545 felon inmates and 1,875 nonfelon narcotic addict inmates. The post-institutional program will provide supervision and guidance for an average of 13,420 felon parolees and 929 nonfelon narcotic addict parolees. Expenditures of $64.2 million are proposed to carry on these and other support programs of the Department of Corrections.

A capital outlay program of $3 million is recommended to provide preliminary site development for a new 1,200 bed institution at Tehachapi to meet anticipated increases in population, equipment for previously funded projects, alterations in the food service facilities of the Institution for Women, a correctional industries warehouse at Folsom, and other projects to meet operating and maintenance needs at various institutions.

Youth Authority

Althongh the Youth Authority is smaller than the Department of Corrections, both in numbers of wards and size of facilities, the more intensive treatment program is justifiable in that society has a greater stake in the rehabilitation of yonth. Being younger, the released ward presents a longer potential career as a productive member of society than does a parolee from a Department of Corrections institution.

Expenditures of $27.3 million are recommended for operating and maintaining 10 institutions and 4 forestry camps housing 4,766 wards. In addition, an average of 12,657 minor wards will be under parole snpervision. As in the case of the adults, parole has proved to be a more economical way of conducting the rehabilitation processes and transition to free society.

The budget also provides for the establishment of a partway home project at a cost of $75,000 so that homeless wards, or wards who have no satisfactory home to retnrn to, can make the transition from institutional life to a free society with greater expectation of success.

In addition, the sum of $50,000 is recommended for housing wards of the State in privately owned rehabilitation centers on a test basis. This approach offers a possibility that the State can rednce futnre capital ontlay costs. It is planned to conduct this program at rates of payment that do not exceed the annual costs of maintainiug a ward in a State-operated institution.

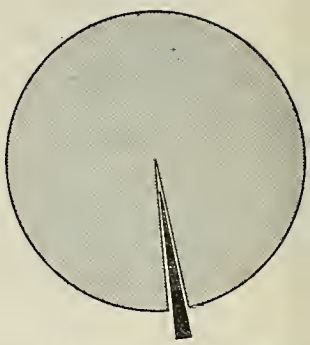
The cost of new programs and services at a level above that currently provided, including the two mentioned directly above, total $454,000.

Public and private agencies that combat juvenile delinquency and provide rehabilitation at the local level will continue to receive assistance from the State in 1963-64 in the form of consnltation and advice, and monetary subventions to counties and cities complying with established standards. A total of $3.8 million is proposed to aid cities and counties in the construction and maintenance of juvenile homes and camps. Assistance to the City of San Diego for checkiug juveniles crossing into Mexico at the San Ysidro Border Station will be continued at the currently anthorized amount of $27,000, based on the ratio of juveniles from areas of the State other than the City or County of San Diego to the total number of jnveniles involved.

Despite the effort devoted to the strnggle against jnvenile delinquency and the inauguration of more effective correctional and rehabilitation programs, additional facilities will be needed.

The capital ontlay program totals $10,730,000 for 1963-64 the major portion of which is for the construction of a new (second) unit of the Northern California Youth Center near Stockton at a cost of $5,800,000 to honse 400 boys. Angmentations for the first unit and central administration core add to the program at this site. Two living units are also recommended for Fred C. Nelles School for Boys. Other projects include eqnipping already funded constrnction projects and the repair and maintenance of existing facilities.

Fiscal Affairs and General Administration—$52,430,000


1.8% OF TOTAL BUDGET

Measured by any standard, State Government in California is a major enterprise. It is, moreover, a public trust with responsibilities and obligations beyond those to be found in the private sector of the economy. Control and management functions, therefore, are emphasized to assure the maintenance of highest standards of integrity and efficiency in the business affairs of the State.

Included within this function are the executive, tax collection, business management, general service, and similar activities.

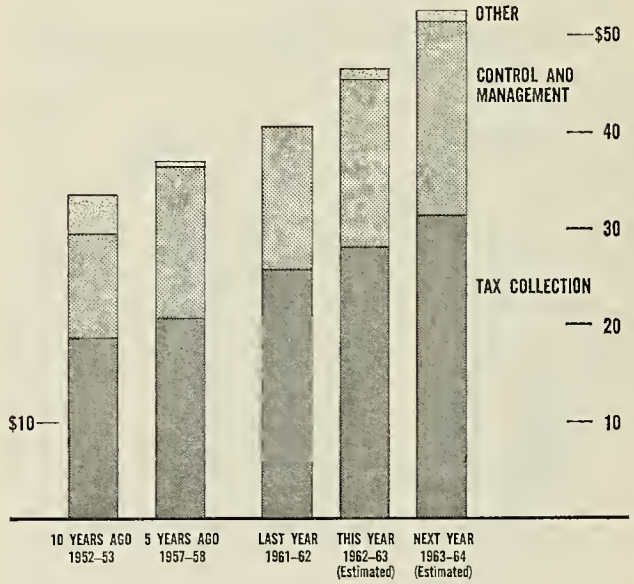
Tax Collection

The major tax collection responsibilities are divided amoug the State Board of Eqnalization, the Franchise Tax Board, and the Office of the State Controller. The increase in tax administration costs of $3,267,000 is attributable largely to higher price levels and normal workload increases plus data processing improvements in the Franchise Tax Board.

The major difficulty faced by the Board is the physical handling aud subsequent storage of and reference to the increasing volume of retnrns and related materials involved in the administration of the personal income and bank and corporation taxes.

To cope with this sitnation the Franchise Tax Board proposes the development of an electronic data

Chart 14
COMPARATIVE EXPENDITURES FOR FISCAL AFFAIRS AND MANAGEMENT
(In millions)



processing system and related organization at an estimated increased cost of $230,000 for the 1963-64 fiscal year. The new system will have the necessary capacity to handle the varions processes now accomplished either manually or by punch card equipment.

At the present time, punch card equipment is used by the Board for extensive records of accounts receivable, statistical evaluation of tax programs, complex bank tax rate computation, and delinquency control for the franchise tax. All of these processes are adaptable to an electronic data processing system at an ultimate savings in personnel, storage space, and time.

In addition a major workload impact will be experienced by the Franchise Tax Board as a result of proposed tax legislation. The recommended revenue program involves the adoption of a current payment plan for both individuals and corporations beginning in 1964-65. This will entail withholding taxes on salary and wage payments above specified minimum amounts, and estimated tax returns for individuals with more than nominal income from sources other than salaries and wages. Corporations with incomes above $25,000 a year will also file estimated tax returns and make payments on current income, beginning in 1965. This new program will require mass data processing techniques.

Two major elements in this new procedure will affect the work programs of the Board. First, there will be additional account records for individuals, required both for the quarterly payment of estimated taxes, and for refunds of over-payments. In addition, the system will require a record of employer withheld taxes and a related compliance program to assure collection of amounts withheld. Second, it will be possible within the course of two or three years to reduce two enforcement activities now carried on at a saving of approximately $1 million a year—the Federal comparison program and the information at source program. This will offset a substantial part of the initial expense of the withholding and estimated tax plans.

Table 17
EXPENDITURES FOR FISCAL AFFAIRS AND GENERAL ADMINISTRATION
(In thousands)

	1961-62 Actual	1962-63 Estimated	1963-64 Proposed	Change from 1962-63 Amount	Change from 1962-63 Pct.
State Operations:					
Control and Management:					
Board of Control	$16	$19	$25	$6	29.7
Controller	2,610	2,650	3,222	572	21.6
Department of Finance (excluding fairs)	8,349	9,128	11,054	1,926	21.1
Executive	1,000	1,047	1,153	106	10.2
General Administration	2,413	2,847	2,691	—156	—5.5
Treasurer	368	375	425	51	13.6
Architecture and Building Standards Commission	1,239	1,347	1,355	8	0.6
Subtotal	$15,996	$17,412	$19,926	$2,513	14.4
Tax Collection:					
Board of Equalization	$15,891	$17,016	$19,307	$2,291	13.5
Controller	1,569	1,713	1,472	—241	—14.1
Franchise Tax Board	8,389	9,413	10,630	1,218	12.9
Subtotal	$25,849	$28,142	$31,409	$3,267	11.6
Totals, State Operations	$41,845	$45,554	$51,335	$5,781	12.7
Capital Outlay :					
Office buildings, etc.	—$1,160	$1,122	$1,095	—$27	—2.4
Bond act program	(165)	(620)	–	(—620)	—100.0
Grand Totals	$40,685	$46,676	$52,430	$5,754	12.3
Bond act program	(165)	(620)	–	(—620)	—100.0

The Office of the State Controller has met tremendous workload increases in the disbursements of State funds by the utilization of electronic data processing equipment. In addition to producing savings substantially in excess of estimates, this program is providing the capability for handling payroll deductions for the Medical Care Act and integration of coverage of State employees under the Old Age and Survivors Disability Insurance Act.

Finance

Within the Department of Finance, a master plan for State development is being initiated. Through the use of State and Federal funds, studies are being conducted that will give meaning and direction to the State's continuing growth. A careful appraisal of physical, social, economic, and governmental factors is expected to indicate those areas where greater regional and governmental coordination is required to assure orderly development. Problems of land use, urbanization, use of natural resources, population growth, and capital improvements will all be reviewed to formulate a plan outlining objectives and proposals for sound future planning.

The same growth that demands a development plan generates the need to meet the housing requirements of low income groups. For this reason $2 million is recommended to inaugurate a program of interest guarantees to assist in filling a void in financing housing for low income groups. In a limited capacity this program will stimulate low income housing construction and thereby provide better housing at a lower purchase price or rental cost.

The Governor has recommended that California's tax structure be subjected to a detailed reappraisal starting in 1963-64. Provision is made for the inclusion of a Joint Tax Commission within the Budget Division of the Department. The commission will review the entire spectrum of State taxation to identify provisions which are no longer appropriate and to recommend modifications of the existing tax structure.

An additional major office building will be opened in Sacramento at the close of the budget year. This building, which was financed from funds borrowed from the Employees' Retirement System, will make available over 642,000 square feet of much needed space.

Secretary of State

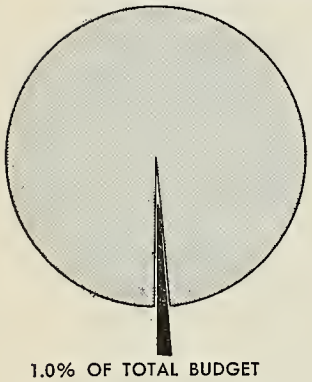
The central records depository program under the Secretary of State has been expanded to include a facility to service the Los Angeles area. This program will be extended to the San Francisco area during the budget year as a part of the statewide paperwork management program intended to increase efficiency and realize savings in the costs of file equipment, space, and personnel for file maintenance.

During election years the Secretary of State budget includes the cost of publication and distribution of pamphlets containing the text of proposed amendments to the Constitution, propositions and other ballot measures together with arguments. Expenditures for this purpose during 1962-63 are estimated at $406,000; however, this amount includes the publications

for both the 1962 primary eleetion and the 1962 general eleetion. The estimated expenditures are $114,000 higher than antieipated in the 1962-63 budget, due to the repetition of the State Building Bond measure and to the greater length of the pamphlets.

To prevent the steady deterioration of many historieally valuable reeords held by the Seeretary of State, it is planned to add a small reeords preservation laboratory whieh will permanently preserve a sampling of the more important doeuments. This laboratory will be staffed with only one position, and after the initial equipment investment the annual eost will be modest in relation to the value of the reeords preserved.

Business and Commerce—$30,841,000



1.0% OF TOTAL BUDGET

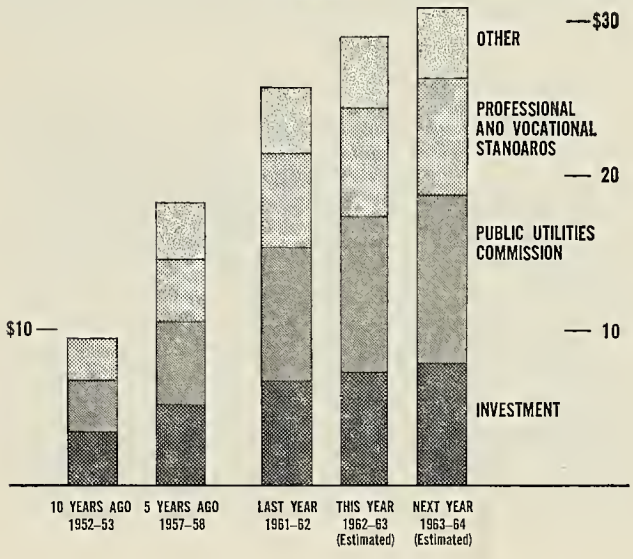
Grouped within this eategory are those ageneies of State Government responsible for lieensing and regulating the wide variety of business, eommereial, and professional fields in California. In total, this group aeeounts for one pereent of the entire budget, or $30.8 million. The agencies eonsidered here are the Publie Utilities Commission, the Department of Professional and Voeational Standards, the Department of Aleoholic Beverage Control and the Appeals Board, the Department of Investment, the Horse Raeing Board, and the Offiee of Consumer Counsel.

In almost all instances the number of businesses and individuals regulated by these ageneies has inereased in proportion to the population growth in California. Although improved proeedures are eontinually being explored to find ways to handle the increased workload with existing staff, the growing volume of work requires additional personnel in many of these ageneies.

Chart 15

COMPARATIVE EXPENDITURES FOR BUSINESS AND COMMERCE

(In millions)



As a means of improving effieieney the Department of Aleoholie Beverage Control has budgeted an additional $32,000 in 1963-64 for eonverting its lieensing aetivity to a maehine operation and at the same time eonverting to a permanent form of lieense. Savings, after initial eonversion eosts are absorbed, will approximate $22,000 per year.

By an expansion of a joint examination program with the Federal Home Loan Bank Board, the Division of Savings and Loan will be able to meet the inereasing workload related to the regulation of State lieensed savings and loan assoeiations without requiring any additional examiner personnel in 1963-64. Without this expanded joint examination program an additional 16 positions would be required to meet the projeeted workload inerease.

With the growth in business and eommeree in this State, there is a eonstant shifting of aetivity and new eoneepts within established industries. To meet these ehanges the regulatory ageneies must constantly review their programs to adequately proteet the publie. In the Division of Real Estate, the inereased number of out-of-State speeulative real estate subdivisions being offered for sale in California has required eareful inspeetions to guard the publie from frauds and misrepresentations.

The Division of Corporations proposes an inerease in the audit program of eheek seller and easher ageneies to prevent frauds or defaleations in businesses which now handle over $700,000,000 eaeh year of the publie's money.

The Publie Utilities Commission, as a result of aetive partieipation in natural gas rate proeeedings before the Federal Power Commission has been sueeessful in obtaining a deeision in favor of the vast numbers of California eonsumers of out-of-State natural gas.

Of the four eases before the Federal Power Commission, involving an estimated $75 million, one ease involving approximately $30 million has been deeided in favor of California. This deeision, which requires the El Paso Natural Gas Company to refund this amount to California eonsumers, has been upheld by the Fifth Distriet Court of Appeals in New Orleans, Louisiana. The Publie Utilities Commission will continue to seek favorable deeisions upon the remaining $45 million on behalf of the many California eonsumers.

Produetion prieing eontinues to be the main problem in the determination of natural gas rates. As reliance upon this basie energy souree inereases, eontinued partieipation in proeeedings involving Federal regulation will be required.

Within the budget of the San Franeiseo World Trade Center Authority, $10,000 is included for an

Table 18

EXPENDITURES FOR BUSINESS AND COMMERCE

(In thousands)

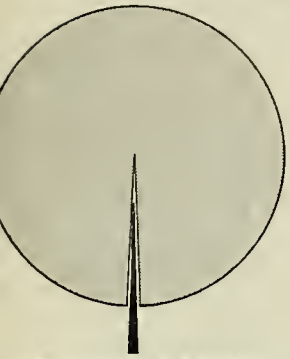
	1961-62 Actual	1962-63 Estimated	1963-64 Proposed	Change from 1962-63 Amount	Change from 1962-63 Pct.
State Operations:					
Public Utilities Commission	$6,719	$7,268	$7,758	$490	6.7
Professional and Vocational Standards	6,052	7,122	7,558	436	6.1
Alcoholic Beverage Control	3,861	4,193	4,297	104	2.5
Investment	8,594	10,126	10,885	760	7.5
Other	305	325	343	18	5.2
Grand Totals	$25,529	$29,033	$30,841	$1,808	6.2

exhibit at the 1964 United States World Trade Fair to be held in San Francisco to emphasize the State's products and its place in the world economy.

The budget also provides $50,000 for a World Trade Development Program to provide necessary representation for the State's business interests and agricultural products in foreign markets.

In addition, $100,000 is recommended for encouragement of tourism. The realization of the full potential of this segment of our economy requires centralized efforts in addition to the present individual programs currently conducted by various communities and civic organizations.

Public Safety—$23,536,000



0.8% OF TOTAL BUDGET

Included within this category are those agencies and activities responsible for the protection of the public and the preservation of law and order. These are the Office of Atomic Energy and Radiation Protection, Disaster Office, Fire Marshal, Department of Justice, Military Department, and Department of Veterans Affairs.*

The Department of Justice has appealed the Special Master's Report on the Colorado River litigation. The Supreme Court has the matter under consideration, and it is unknown when a decision will be reached. A limited staff has been retained contingent upon action by the Court to re-open all or part of the suit. For the acceleration of investigations of an increasing number of fraudulent acts affecting investors and consumers, it is also proposed to add eight positions to the staff of this department. This expansion is designed to augment rather than supplant current efforts in this field by the Department of Investment.

The Fire Marshal budget provides for 4 new positions to meet expanding workload in fire prevention and protection programs. Additional enforcement hours will be required to inspect the growing number of coin-operated dry cleaning establishments and places of public assembly within the Fire Marshal's jurisdiction. Additional personnel time will also be required to review plans for new State college buildings to insure compliance with fire and panic safety standards.

The increased tension of international affairs has emphasized the need for preparedness of State Government to meet its responsibilities to the public under emergency operating conditions. The Disaster Office is implementing a plan based upon the national program to assure the continuity in the operation of State departments for the maximum public safety in the event of war. The plan will ultimately provide a cadre for State representation in all areas of governmental service of practical necessity. The training of State employees to provide public shelter and care, and public education in self-help is designed to cope with natural and man-caused disasters.

* The Highway Patrol is covered under Highway Transportation because of its more direct relationship to that category both functionally and financially.

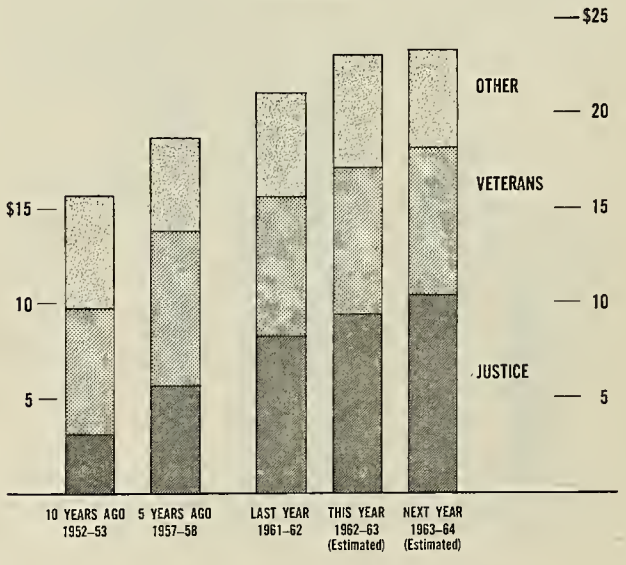
Table 19
EXPENDITURES FOR PUBLIC SAFETY
(In thousands)

	1961-62 Actual	1962-63 Estimated	1963-64 Proposed	Change from 1962-63 Amount	Change from 1962-63 Pct.
State Operations:					
Atomic Energy and Radiation Protection	$33	$43	$47	$5	11.2
Disaster Office	877	998	810	—187	—18.8
Fire Marshal	628	712	728	16	2.3
Justice	8,282	9,427	10,372	945	10.0
Military affairs	2,818	2,941	3,025	84	2.9
Veterans affairs	6,825	7,195	7,207	11	0.2
Totals, State Operations	$19,464	$21,315	$22,190	$875	4.1
Capital Outlay:					
Military affairs	$499	$558	$178	—$380	—68.1
Bond act program	(134)	–	–	–	–
Veterans affairs	27	38	83	44	115.0
Bond act program	–	(187)	–	(—187)	—100.0
Totals, Capital Outlay	$527	$596	$260	—$336	—56.3
Bond act program	(134)	(187)	–	(—187)	—100.0
Local Assistance:					
Veterans Service Officers	500	500	500	–	–
Peace Officers Training	450	490	535	45	9.3
Other	37	50	50	–	–
Totals, Local Assistance	$987	$1,040	$1,085	$45	4.4
Grand Totals	$20,977	$22,951	$23,536	$584	2.5
Bond act program	(134)	(187)	–	(—187)	–

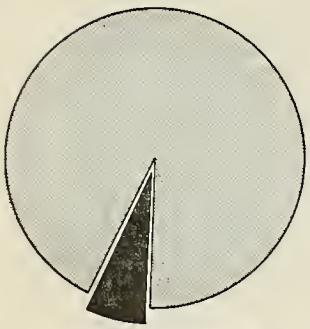
The Military Department includes the Army and Air National Guard, the National Guard Reserve, and the Cadet Corps. The primary purposes of these groups are to provide an effective military organization within the State to protect life and property during periods of emergency or disaster and to provide military units ready for federal mobilization missions in the event of a national emergency. The Cadet Corps makes possible a program of military education for high schools and junior colleges.

Major problems in the Department of Veterans Affairs are educational assistance to veterans, educational assistance to veterans' dependents and claims and rights services. In addition the Department operates the Veterans Homes with an anticipated average population of 1,825 during the coming year. Total expenditures for these purposes are proposed at $7.8 million. Workload increases primarily at the Veterans Home are nearly offset by a reduction of $100,000 in the educational assistance program as a result of declining caseload.

Chart 16
COMPARATIVE EXPENDITURES FOR PUBLIC SAFETY
(In millions)



Other Expenditures—$197,852,000



6.7% OF TOTAL BUDGET

Within the wide range of State activities there are a number which cannot be fitted within any of the preceding functional categories. To complete the review of the budget intended by this analysis such activities have been combined here. These include the legislative and judicial branches of State Government and the Departments of Employment and Industrial Relations.

Of the $197.9 million budgeted for these purposes, however, the major portion is for assistance to local government in the form of State-collected revenues distributed to cities and counties. In total such expenditures amount to $157.0 million and consist of payments of $145.8 million from vehicle license fees, $10.6 million from alcoholic beverage permit receipts, and $550 thousand from highway property rentals.

The budget for the Department of Industrial Relations contains $67,000 to provide for preveution of discrimination iu publicly financed housing. Legislation will be proposed amending the Discrimination of Public Assisted Housing Act of 1959 which will expand the Fair Employment Practices Commission into a Human Rights Commission with these broader enforcement responsibilities.

A pilot program, at a cost of $75,000, is also included to review all serious industrial injury cases to determine vocational rehabilitation needs. Estimates indicate that preseut services are being used by only one-third of the injured workers potentially capable of rehabilitation.

Chart 17
OTHER EXPENDITURES
(In millions)

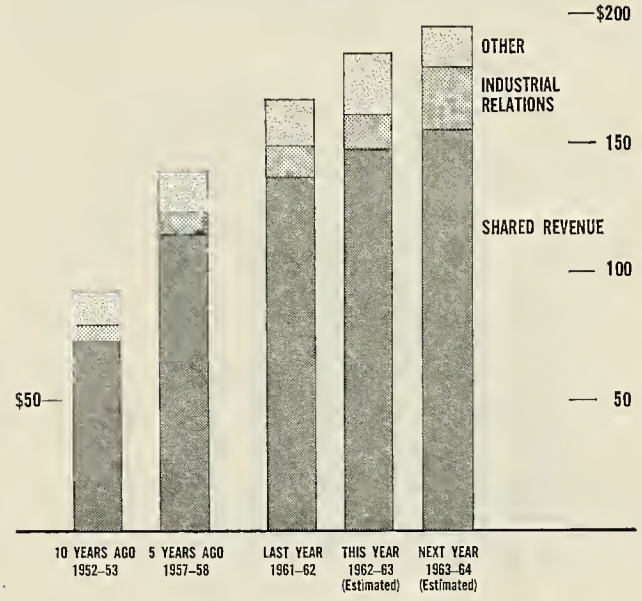


Table 20
OTHER EXPENDITURES
(In thousands)

	1961-62 Actual	1962-63 Estimated	1963-64 Proposed	Change from 1962-63 Amount	Change from 1962-63 Pct.
State Operations:					
Legislature	$5,235	$7,425	$5,836	—$1,589	—21.4
Judicial	3,017	3,242	4,160	918	28.3
Industrial Relations	11,975	13,692	15,166	1,474	10.8
Department of Employment	251	280	372	92	32.9
Miscellaneous	4,300	5,491	8,295	2,804	51.1
Totals, State Operations	$24,778	$30,129	$33,828	$3,698	12.3
Capital Outlay:					
Unallocated capital outlay	$408	$150	$225	$75	49.8
Unallocated bond act program	(40)	(1,020)	(1,291)	(271)	26.6
Other	—533	—1	268	268	–
Totals, Capital Outlay	—$125	$150	$493	$343	229.3
Bond act program	(40)	(1,020)	(1,291)	(271)	26.6
Local Assistance:					
Return of:					
Vehicle license fees	$127,918	$136,865	$145,770	$8,905	6.5
Liquor license fees	9,493	11,297	10,634	—663	—5.9
Highway rental receipts	555	524	550	26	5.0
Judges' salaries and retirement	4,062	4,409	4,419	10	0.2
Earthquake and storm damage	—229	1,535	—131	—1,666	—108.5
All other	294	244	2,290	2,046	–
Totals, Local Assistance	$142,092	$154,875	$163,532	$8,657	5.6
Grand Totals	$166,744	$185,154	$197,852	$12,699	6.9
Bond act program	(40)	(1,020)	(1,291)	(271)	26.6

In the promotion of opportunities for apprentices, $20,000 is provided for increased work with minority groups to assure equal employment opportunity without regard to race, creed, color, or national origin.

The addition of 10 referee teams in the Division of Industrial Accidents at a cost of $383,000 is necessary because of population pressures. The continually increasing number of employers and employees in California requires an increased staff in the Division of Labor Law Enforcement to handle complaints, and in the Division of Industrial Safety to continue the protection of workers and the public. Additionally, the Divisiou of Industrial Safety has new responsibilities in the iuspection of industrial users of radioisotopes.

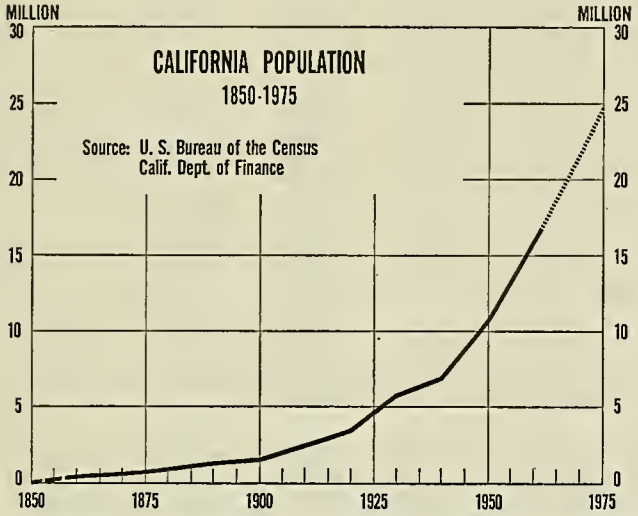
Although the State Department of Employment is supported almost entirely from Federal subventions and trust funds aud such expenditures are not included in the budget totals, the size and significance of the activities of this agency justify review here. Program costs will increase from $630 million in 1962-63 to $665 million in 1963-64, including increases of $16 million in unemployment benefit payments, $14 million in disability insurance benefit payments, and $5 million iu administrative costs. Most significant among the new program areas within this agency are the Manpower Development and Training Act which provides for retraining and placement of technologically displaced workers, and the Commission on Automation and Technological Developments whose purpose is to conduct a continuous appraisal of the impact of rapidly changing technology on California's work force. The program under the Manpower Development and Training Act will be financed from federal funds through the 1963-64 fiscal year; thereafter, the State would be required to provide matching funds. It is planned that the actual training will be administered by the Vocational Education Section of the Department of Education and local school districts.

ANALYSIS OF EXPENDITURE TRENDS

California's population has more than doubled each twenty years since 1860, with only one exception when the growth rate fell to 72 percent. From 380,000 people and twenty-fifth place among 40 states a hundred years ago, California now with nearly 17,500,000 residents ranks first among fifty.

Inevitably this growth has brought new responsibilities to State government and just as inevitably

Chart 18



California's population has increased from 380,000 a hundred years ago to nearly 17,500,000 in 1963—from 25th place among 40 states in 1860 to first among 50 states this year.

each responsibility has grown. Support of public schools began in 1854 with payments of $52,000. It reached the million dollar level in 1875 and will barely fall short of a billion next year. Orphan aid started in 1862 with an appropriation of $12,000. Expenditures for normal schools, forerunners of today's State college system, started with $2,955 just a century ago, while the first payments on behalf of the University were recorded in 1867—$1,590.

Public health was recognized as a problem of State government in 1870. Supervision of banks began in 1878 and supervision of building and loan associations in 1894.* Other mileposts include the Veterans Home at the turn of the century; industrial welfare in the Hiram Johnson era of 50 years ago; and the beginning of State assistance to the aged in 1930. In fact, the reader of financial documents is impressed by how little of the current budget total represents genuinely new services of government.

Compounding the relentless growth in population and new responsibilties has been an equally inexorable trend to higher prices. According to consumer price records, costs today are nearly five times those of a century ago.

* Data on expenditures prior to 1910 are from *A Financial History of California* by William C. Fankhauser, University of California Press, 1913.

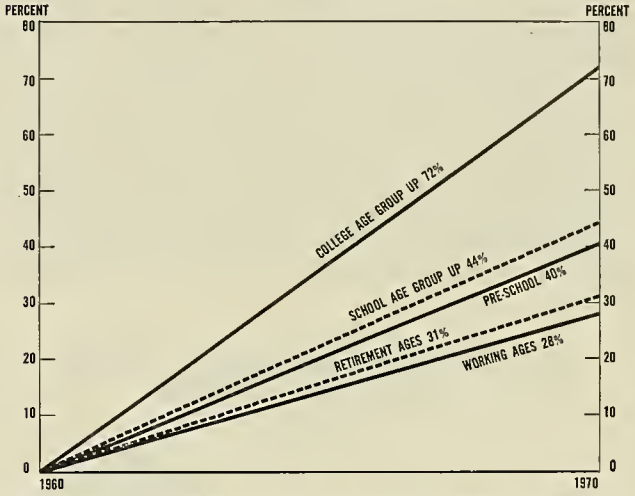
Expenditures in the current decade are certain to maintain this longterm rise and the rate of growth may well exceed that of the recent past. The war babies, whose births began as a wave in the early forties and reached tidal proportions in 1947, are now of college age, or are nearing that milestone. As the accompanying diagrams show, California's 5,800,000 growth in the 1960's will be reflected in all age groups, but the increase will be most concentrated in the college and school age groups and least in the working ages.

Compared with a 29.5 percent growth in the last decade, the college age group will increase 71.7 percent between 1960 and 1970. Against a doubling in the primary and secondary school ages in the 1950-60 period, these groups will increase 43.6 percent in the current decade.

Chart 19

GROWTH RATES, CALIFORNIA

1960-70



Here are the growth rates for the major segments of our population. As this chart shows, the slowest growth will occur in the working age groups—those 25 to 64.

The numerical increase in primary and secondary enrollments of the State's public schools in the current decade will be slightly greater than that of 1950-1960, only the rate of growth will be less. However, high schools will grow faster than elementary and enrollments at centers of higher education will increase faster still.

Table 21

POPULATION GROWTH BY MAJOR AGE GROUPS, 1950-70

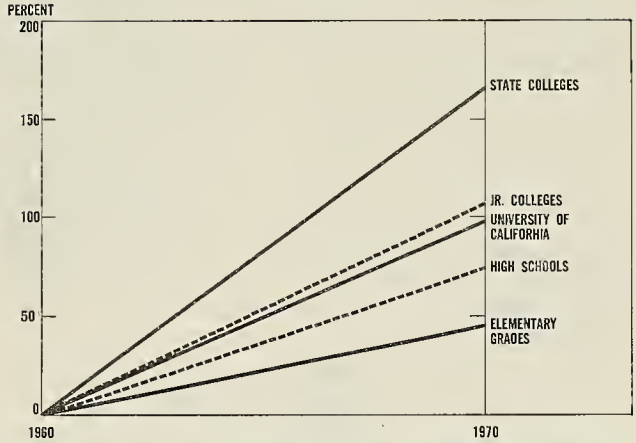
Age group	1960 Number	Increase 1950-60 Number	Increase 1950-60 Percent	1970 Number	Increase 1960-70 Number	Increase 1960-70 Percent
Under 5	1,745,799	646,687	58.8	2,449,945	704,146	40.3
5 - 18	3,914,992	1,924,477	96.7	5,623,200	1,708,208	43.6
19 - 24	1,182,586	269,727	29.5	2,030,265	847,679	71.7
25 - 64	7,497,623	1,808,891	31.8	9,632,266	2,134,643	28.5
65 and over	1,376,204	481,199	53.8	1,805,005	428,801	31.2
Totals	15,717,204	5,130,981	48.5	21,540,681	5,823,477	37.1

Chart 20

WORKLOAD INCREASES

PERCENTAGE GROWTH IN SCHOOL ENROLLMENTS

1960-70



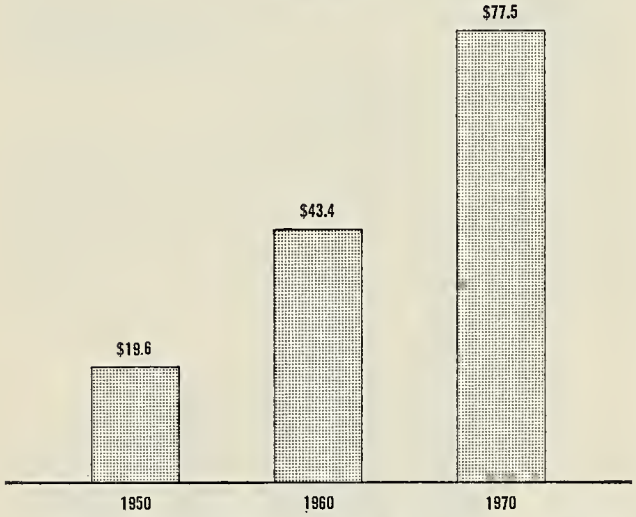
These growth rates, coupled with the necessity of keeping a greater percentage of our high school and college age groups in school for more years results in unprecedented workload increases during this decade for institutions of higher education and continued rapid growth throughout the school system.

Compared with a rise of approximately 270,000 in the college age groups in the 1950 decade, there will be a growth of nearly 850,000 in the 1960's. This growth, coupled with the necessity of retaining a larger percentage of these youths in school and greater emphasis upon graduate work will be the dominant figure iu the pattern of State expenditures for years to come.

Chart 21

ACTUAL AND ESTIMATED PERSONAL INCOME OF CALIFORNIA RESIDENTS

(In billions)

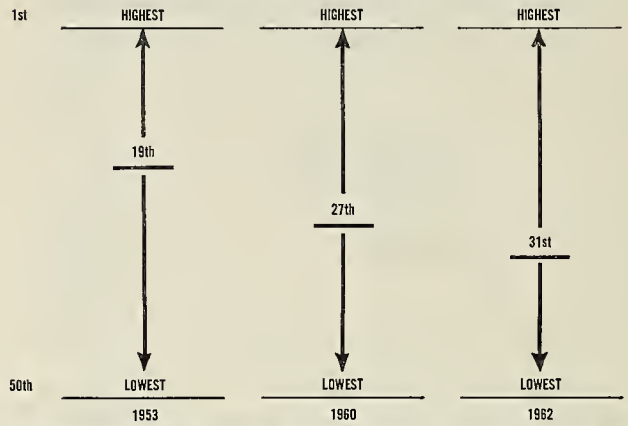


Fortunately, California is in an enviable position to carry this increasing load. The ratio of taxes to personal income is average among the states. In fact, as measured by tax burden—the ratio of State tax collections to aggregate personal iucome—this State has dropped from 19th place in 1953 to 31st from the top in 1962.

The net long term debt of State government in relation to personal iucome is considerably below the national average. In 1961 California's net state debt mounted to $2.68 per $100 of total personal income. The highest State ratio of net debt to personal income was $15.22, the all-state average was $4.04 and the lowest 38 cents.

Chart 22

CALIFORNIA'S RANK IN STATE TAX BURDEN



The State's net debt in 1961 amounted to $2.68 per $100 of income. The all-state average was $4.04.

California ranked 33d in state debt to personal income and 27th in state and local debt to personal income.

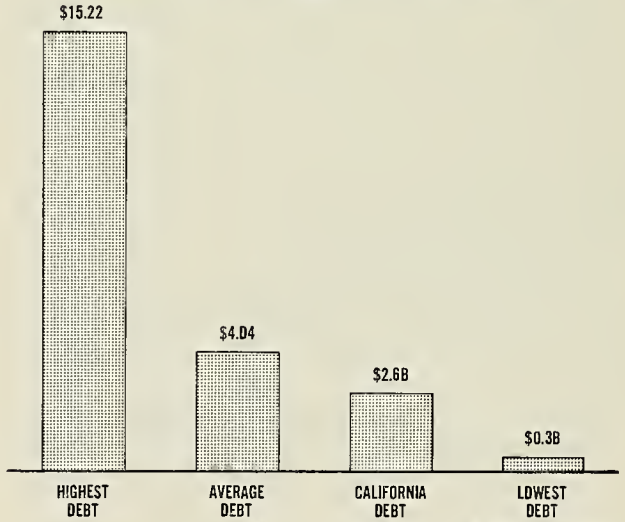
More important than these measures of the current position, however, is the fact that personal income of California residents will continue to grow in the years ahead; hence, the ability to assume the increasing cost of governmental services to an increasing population will continue to expand.

Persoual income in 1950 amounted to only $19.6 billion. This year it will reach $52 billion and by 1970, at current price levels and average productivity gains, the total should reach $77.5 billion.

Chart 23

NET LONG-TERM DEBT OF STATES PER $100 OF PERSONAL INCOME

1961



Source: Governmental Finances in 1961 U.S. Census Bureau

Personal income will continue to increase. From an aggregate volume of $52 billion in prospect for the current calendar year, the income of California residents will grow to an estimated $77.5 billion by 1970 and $100 billion in 1975.

Table 22

STATE EXPENDITURE TRENDS AND RELATIONSHIP TO POPULATION AND INCOME

Fiscal Year	State Expenditures				Expenditures per Capita				Expenditures per $100 of Personal Income			
	State Operations (Thousands)	Capital Outlay (Thousands)	Local Assistance (Thousands)	Total (Thousands)	State Operations	Capital Outlay	Local Assistance	Total	State Operations	Capital Outlay	Local Assistance	Total
1936-37	$83,412	$24,090	$111,659	$219,161	$12.96	$3.75	$17.35	$34.06	$1.73	$0.50	$2.32	$4.55
1937-38	102,023	21,838	119,676	243,537	15.48	3.31	18.15	36.94	1.99	0.43	2.33	4.75
1938-39	122,968	29,475	134,046	286,489	18.30	4.38	19.95	42.63	2.42	0.58	2.63	5.63
1939-40	125,583	21,262	135,904	282,749	18.29	3.09	19.79	41.17	2.39	0.40	2.59	5.38
1940-41	111,175	20,094	142,596	273,865	15.67	2.84	20.10	38.61	1.90	0.35	2.44	4.69
1941-42	88,627	23,147	146,172	257,946	12.35	3.23	20.38	35.96	1.24	0.32	2.05	3.61
1942-43	93,963	16,717	140,181	250,861	12.64	2.25	18.86	33.75	1.00	0.18	1.50	2.68
1943-44	85,188	15,399	164,074	264,661	10.89	1.97	20.96	33.82	0.71	0.13	1.36	2.20
1944-45	87,988	18,091	200,411	306,490	10.60	2.18	24.13	36.91	0.67	0.14	1.52	2.33
1945-46	108,979	40,766	192,430	342,175	11.53	4.31	20.36	36.20	0.72	0.27	1.26	2.25
1946-47	142,109	86,261	241,310	469,680	14.66	8.89	24.89	48.44	0.88	0.54	1.50	2.92
1947-48	188,117	97,665	371,942	657,726	18.91	9.82	37.39	66.12	1.13	0.59	2.23	3.95
1948-49	225,466	167,828	490,325	883,325	22.11	16.45	48.04	86.60	1.28	0.96	2.78	5.02
1949-50	248,044	258,805	547,989	1,054,838	23.65	24.67	52.24	100.56	1.39	1.45	3.07	5.91
1950-51	263,055	200,343	542,941	1,006,339	24.16	18.40	49.87	92.43	1.34	1.02	2.77	5.13
1951-52	294,483	180,989	592,600	1,068,072	25.87	15.90	52.06	93.82	1.30	0.80	2.61	4.70
1952-53	320,282	207,218	649,219	1,176,719	26.98	17.46	54.69	99.13	1.28	0.83	2.59	4.69
1953-54	346,907	286,897	747,596	1,381,400	28.18	23.31	60.74	112.23	1.30	1.08	2.81	5.19
1954-55	368,529	278,032	775,891	1,422,452	28.88	21.79	60.80	114.47	1.34	1.01	2.83	5.19
1955-56	402,370	287,321	843,120	1,532,811	30.27	21.61	63.43	115.31	1.33	0.95	2.79	5.07
1956-57	462,909	356,307	913,251	1,732,467	33.35	25.67	65.80	124.83	1.39	1.07	2.74	5.21
1957-58	541,470	354,788	995,178	1,891,436	37.45	24.54	68.83	130.81	1.52	1.00	2.80	5.32
1958-59	584,859	254,227	1,092,528	1,931,614	38.95	16.93	72.76	128.65	1.57	0.68	2.93	5.19
1959-60	634,665	239,527	1,211,391	2,085,584	40.75	15.38	77.77	133.90	1.55	0.58	2.96	5.09
1960-61	722,937	503,921	1,298,537	2,525,394	44.74	31.19	80.36	156.29	1.68	1.17	3.01	5.86
1961-62	778,959	275,626	1,351,633	2,406,218	46.44	16.43	80.58	143.45	1.71	0.60	2.97	5.28
1962-63	886,248	474,723	1,498,937	2,859,908	50.96	27.30	86.19	164.45	1.80	0.96	3.05	5.81
1963-64	963,197	329,871	1,651,960	2,945,028	53.57	18.35	91.87	163.79	1.85	0.63	3.18	5.66

Table 23

PERSONNEL MAN-YEARS AND SALARY COSTS[a]

	Authorized 1961-62		*Authorized 1962-63*		*Authorized 1963-64*		*Proposed New 1963-64*[b]	
	Personnel man-years	*Amount*	*Personnel man-years*	*Amount*	*Personnel man-years*	*Amount*	*Personnel man-years*	*Amount*
BY FUNCTION								
Legislative	179.2	$1,255,307	198.3	$1,388,860	186.6	$1,352,418	1	$6,096
Judicial	199.5	2,307,424	220.6	2,576,923	226.8	2,678,356	6.3	48,959
Executive	216.2	1,677,984	240.4	1,896,954	233.7	1,877,335	1	7,080
General Administration	736	4,249,945	758.8	4,636,492	752.4	4,672,739	25.9	119,211
Agriculture	2,014.9	12,419,055	2,074.8	14,121,617	2,112.8	14,562,685	57.9	355,230
Corrections	7,132.2	45,891,795	8,421	54,699,017	8,751.9	59,368,774	541.1	2,857,384
Education	2,774.1	16,010,433	2,950.9	17,871,481	2,999.6	18,363,878	110.5	581,059
Higher Education	32,832.2	215,949,879	35,396.2	249,031,924	37,568.4	267,544,429	2,499.6	17,501,148
Employment	7,123.4	41,408,596	7,362	45,421,549	7,868.5	49,159,974	562.3	3,180,104
Fiscal Affairs	7,311.1	45,236,875	7,854.9	50,644,685	7,921.2	51,338,531	394.1	1,755,675
Health and Welfare	21,012.9	114,866,722	22,183.7	127,811,980	23,040.4	133,990,333	759.4	3,554,715
Highway Transportation	25,300.1	164,272,216	26,361.4	179,523,579	26,682	188,080,240	996.6	9,156,957
Industrial Relations	2,340.3	16,152,234	2,521.4	18,009,449	2,689.5	19,536,126	104.5	711,412
Justice	985.3	6,453,506	1,079.7	7,500,485	1,145.6	8,046,666	68	420,153
Military Affairs	367.6	2,112,220	378.4	2,229,096	377	2,279,118	3.1	21,764
Regulations and Licensing	2,647	18,737,823	2,814.9	21,061,468	2,889.3	21,861,244	112.7	655,336
Resources	7,569.2	48,473,056	8,369.7	57,727,752	9,107.4	63,350,853	907.4	5,731,714
Veterans Affairs	1,126.5	6,018,417	1,135.2	6,406,231	1,138.9	6,507,566	4	26,232
Miscellaneous	471.1	3,316,893	469.4	3,537,783	473.3	3,584,026	2	14,736
TOTALS	122,339.3	$766,810,380	130,791.7	$866,097,325	136,165.3	$918,155,291	7,157.4	$46,704,965
BY CLASSIFICATION								
Statutory	279.2	$3,904,750	287.7	$4,129,986	289.3	$4,166,361	–	–
Exempt	1,222.3	9,602,960	1,285.5	10,598,400	1,264.6	10,811,582	–	–
Civil Service	88,069.9	538,348,636	93,899.6	603,055,759	97,127.6	636,459,552	4,665.5	$29,299,715
State Colleges:								
Academic	5,645.4	47,212,381	6,266.5	55,818,961	6,848.8	60,386,616	684.5	4,335,710
Nonacademic	5,215.2	26,606,869	5,707.4	30,792,273	6,160.9	34,819,775	678.3	3,260,081
University of California								
Academic	6,190.2	57,504,817	6,717.6	69,138,544	7,063.6	71,875,084	346.0	4,788,713
Nonacademic	15,717.1	83,629,967	16,627.4	92,563,402	17,410.5	99,636,321	783.1	5,020,746
TOTALS	122,339.3	$766,810,380	130,791.7	$866,097,325	136,165.3	$918,155,291	7,157.4	$46,704,965

[a] Does not include salary increases or costs of related personal services.
[b] Included in 1963-64 Authorized.

Schedule 2

COMPARATIVE STATEMENT OF REVENUES FOR THE FISCAL YEARS, 1961-62, 1962-63, 1963-64

Sources	Actual 1961-62			Estimated 1962-63			Estimated 1962-64		
	General Fund	Special Funds	Total	General Fund	Special Funds	Total	General Fund	Special Funds	Total
MAJOR TAXES AND LICENSES:									
Alcoholic Beverage Control Taxes and Licenses:									
Excise Tax on Beer and Wine	$10,494,855		$10,494,855	$10,650,000		$10,650,000	$11,000,000		$11,000,000
Excise Tax on Distilled Spirits	45,418,496		45,418,496	47,850,000		47,850,000	51,200,000		51,200,000
Liquor License Fees	3,190,431	$10,342,786	13,533,217	3,100,000	$10,469,700	13,569,700	2,325,000	$10,647,000	12,972,000
Bank and Corporation Franchise and Income Taxes	290,869,922		290,869,922	306,500,000		306,500,000	386,500,000		386,500,000
Cigarette Tax	66,054,086		66,054,086	71,000,000		71,000,000	73,250,000		73,250,000
Gift Tax	5,466,501		5,466,501	5,000,000		5,000,000	5,750,000		5,750,000
Horse Racing (Pari-Mutuel) License Fees	29,676,994	8,633,714	38,310,708	32,649,864	7,833,136	40,483,000	32,606,921	9,253,079	41,860,000
Inheritance Tax	70,545,979		70,545,979	90,000,000		90,000,000	95,000,000		95,000,000
Insurance Gross Premiums Tax	71,698,588		71,698,588	76,250,000		76,250,000	103,250,000		103,250,000
Motor Vehicle License Fees ("In Lieu" Tax)	1,574,375	132,608,391	134,182,766	1,135,000	141,465,000	142,600,000	1,090,000	150,910,000	152,000,000
Motor Vehicle Fuel Tax—Gasoline		340,986,326	340,986,326		358,000,000	358,000,000		372,000,000	372,000,000
Motor Vehicle Fuel Tax—Diesel and Liquid Petroleum Gas		22,784,979	22,784,979		24,100,000	24,100,000		25,600,000	25,600,000
Motor Vehicle Registration and Other Fees		140,723,466	140,723,466		148,100,000	148,100,000		151,800,000	151,800,000
Motor Vehicle Transportation Tax		13,186,904	13,186,904	5,000,000	9,000,000	14,000,000		15,000,000	15,000,000
Personal Income Tax	299,033,797		299,033,797	324,200,000		324,200,000	382,000,000		382,000,000
Private Care Tax	1,753,224		1,753,224	1,807,750		1,807,750	1,954,000		1,954,000
Retail Sales and Use Taxes	749,522,774		749,522,774	794,500,000		794,500,000	847,000,000		847,000,000
TOTALS, MAJOR TAXES AND LICENSES	$1,645,300,022	$669,266,566	$2,314,566,588	$1,769,642,614	$698,967,836	$2,468,610,450	$1,992,925,921	$735,210,079	$2,728,136,000
OTHER REVENUES:									
Architecture Public Building Fund		$1,198,327	$1,198,327		$1,360,000	$1,360,000		$1,360,000	$1,360,000
Corporation-Licenses, Permits and Examination Fees	$3,694,455		3,694,455	$3,890,875		3,890,875	$4,076,035		4,076,035
County Board Charges:									
Mental Hygiene Patients	3,329,392		3,329,392	3,437,500		3,437,500	3,645,000		3,645,000
Youth Authority Wards	1,220,518		1,220,518	1,384,200		1,384,200	1,431,900		1,431,900
Pay Patients Board Charges—Mental Hygiene Patients	14,063,067		14,063,067	15,123,000		15,123,000	15,643,000		15,643,000
Department of Agriculture	115,657	6,749,022	6,864,679	113,043	7,867,883	7,980,926	113,053	8,224,726	8,337,779
Professional and Vocational Standards	164,765	6,921,443	7,086,208	165,000	8,292,464	8,457,464	165,000	8,021,934	8,186,934
Department of Real Estate		1,958,034	1,958,034		2,316,843	2,316,843		2,455,670	2,455,670
Fishing and Hunting Licenses		10,283,300	10,283,300		10,348,600	10,348,600		10,474,600	10,474,600
Insurance Fund	332,779	2,099,428	2,432,207		2,319,240	2,319,240		2,590,150	2,590,150
Interest on Investments:									
California Water Fund		3,561,969	3,561,969		2,189,061	2,189,061		1,369,753	1,369,753
Highway Fund		2,346,927	2,346,927		2,167,291	2,167,291		2,200,000	2,200,000
Pooled Money Investments	18,100,673		18,100,673	18,768,347		18,768,347	18,174,878		18,174,878
Surplus Money Investments	79,719	4,042,372	4,122,091	30,000	4,065,545	4,095,545	30,000	5,618,946	5,648,946
Other Interest Income	109,991	1,596,950	1,706,941	118,653	1,366,327	1,484,980	128,122	1,579,368	1,707,490

Schedule 2—COMPARATIVE STATEMENT OF REVENUES FOR THE FISCAL YEARS, 1961-62, 1962-63, 1963-64—Continued

Sources	Actual 1961-62			Estimated 1962-63			Estimated 1962-64		
	General Fund	Special Funds	Total	General Fund	Special Funds	Total	General Fund	Special Funds	Total
OTHER REVENUES:—Continued									
Oil and Gas Revenues:									
Long Beach Harbor		$6,741,966	$6,741,966		$10,000,000	$10,000,000	$1,100,000	$9,000,000	$10,100,000
Tidelands	$16,203,312	1,718,969	17,922,281	$16,585,508	22,414,492	39,000,000	21,500,000		21,500,000
Federal Lands		2,528,180	2,528,180		2,600,000	2,600,000		2,600,000	2,600,000
Penalties and Interest on Unemployment Contributions		1,606,424	1,606,424		1,395,000	1,395,000		1,346,000	1,346,000
Penalties on Traffic Violations	5,250,240		5,250,240	5,684,065		5,684,065	6,820,000		6,820,000
Penalties on Criminal Convictions		415,431	415,431		457,300	457,300		502,700	502,700
Secretary of State—Fees and Miscellaneous	1,688,470		1,688,470	1,782,849		1,782,849	1,855,810		1,855,810
Small Craft License Fees	259,933	38,834	298,767	1,128,000	42,000	1,170,000	228,000	43,000	271,000
State Fair and Exposition		1,689,425	1,689,425		1,956,413	1,956,413		1,932,600	1,932,600
Transportation Rate Fund		3,706,908	3,706,908		3,700,000	3,700,000		3,700,000	3,700,000
Transfers from Unclaimed Property Fund	1,452,091		1,452,091	652,000		652,000	607,000		607,000
Sales of State Property	233,671	10,639	244,310	2,446,900		2,446,900	6,552,400		6,552,400
Not Otherwise Classified	5,548,446	5,581,227	11,129,673	4,399,199	5,921,383	10,320,582	4,715,293	5,797,155	10,512,448
TOTAL, OTHER REVENUES	$71,847,179	$64,795,775	$136,642,954	$75,709,139	$90,779,842	$166,488,981	$86,785,491	$68,816,602	$155,602,093
TOTALS, REVENUES	$1,717,147,201	$734,062,341	$2,451,209,542	$1,845,351,753	$789,747,678	$2,635,099,431	$2,079,711,412	$804,026,681	$2,883,738,093
OTHER INCOME—TRANSFERS:									
California Water Fund							$20,000,000	—$20,000,000	
Legislative Printing Fund	$174,306	—$174,306							
Redemption Tax Fund	723,275	—723,275							
State College Fund	152,627	—152,627							
State Beach and Park Fund	8,879,785	—8,879,785							
State Lands Act Fund	1,144,706	—1,144,706							
TOTAL, OTHER INCOME	$11,074,699	—$11,074,699					20,000,000	—20,000,000	
TOTAL INCOME	$1,728,221,900	$722,987,642	$2,451,209,542	$1,845,351,753	$789,747,678	$2,635,099,431	$2,099,711,412	$784,026,681	$2,883,738,093

Schedule 3

COMPARATIVE STATEMENT OF EXPENDITURES BY CHARACTER, FUNCTION, ORGANIZATION UNIT AND FUND FOR FISCAL YEARS 1961-62, 1962-63, AND 1963-64

Organization Unit	Page Reference	Actual 1961-62			Estimated 1962-63			Estimated 1963-64		
		General Fund	Special Funds	Total	General Fund	Special Funds	Total	General Fund	Special Funds	Total
STATE OPERATIONS										
LEGISLATIVE:										
Legislature	1	$5,962,348	—$128,512	$5,833,836	$7,960,774	$278,473	$8,239,247	$5,696,145	$829,455	$6,525,600
Legislative Counsel Bureau	3	545,864		545,864	691,921		691,921	628,099		628,099
Law Revision Commission	4	89,335		89,335	111,165		111,165	106,831		106,831
Commission on Uniform State Laws	5	4,047		4,047	5,850		5,850	5,850		5,850
Commission on Senate Apportionment	6	19,548		19,548						
Contribution to Legislators' Retirement Fund	7	140,000		140,000	160,000		160,000	315,000		315,000
Totals, Legislative		$6,761,142	—$128,512	$6,632,630	$8,929,710	$278,473	$9,208,183	$6,751,925	$829,455	$7,581,380
JUDICIAL:										
Supreme Court	8	$905,012		$905,012	$954,240		$954,240	$1,008,918		$1,008,918
Judicial Council	9	336,814		336,814	419,193		419,193	432,446		432,446
Commission on Judicial Qualifications	10	24,003		24,003	32,775		32,775	34,133		34,133
District Court of Appeal, First Appellate District	11	520,162		520,162	528,397		528,397	536,926		536,926
District Court of Appeal, Second Appellate District	12	642,805		642,805	686,484		686,484	717,902		717,902
District Court of Appeal, Third Appellate District	13	202,523		202,523	203,837		203,837	206,109		206,109
District Court of Appeal, Fourth Appellate District	14	210,501		210,501	227,606		227,606	226,002		226,002
District Court of Appeal, Fifth Appellate District	15	150,169		150,169	182,556		182,556	185,249		185,249
Contribution to Judges' Retirement Fund	16	24,938		24,938	37,968		37,968	37,968		37,968
Totals, Judicial		$3,016,927		$3,016,927	$3,273,056		$3,273,056	$3,385,653		$3,385,653
EXECUTIVE:										
Governor:										
Governor's Office	17	$830,785		$830,785	$871,415		$871,415	$910,077		$910,077
Office of Atomic Energy Development and Radiation Protection	18	32,738		32,738	42,958		42,958	47,705		47,705
Office of Consumer Counsel	19	100,784		100,784	110,847		110,847	125,010		125,010
Disaster Office	20	877,264		877,264	1,007,222		1,007,222	851,577		851,577
Office of Urban Area Problems	23							100,000		100,000
Governor's Advisory Commission on Housing Problems	24	69,188		69,188	76,174		76,174			
Lieutenant Governor	25	100,033		100,033	109,325		109,325	115,384		115,384
Totals, Executive		$2,010,792		$2,010,792	$2,217,941		$2,217,941	$2,149,753		$2,149,753

Schedule 3—COMPARATIVE STATEMENT OF EXPENDITURES—Continued

Organization Unit	Page Reference	Actual 1961-62			Estimated 1962-63			Estimated 1963-64		
		General Fund	Special Funds	Total	General Fund	Special Funds	Total	General Fund	Special Funds	Total
STATE OPERATIONS—Continued										
ADMINISTRATIVE:										
General Administration:										
State Employees Retirement System	26							$20,000		$20,000
Commission on Interstate Cooperation	30	$50,081		$50,081	$51,905		$51,905	65,905		65,905
Personnel Board	31	3,050,316		3,050,316	3,296,519		3,296,519	3,412,541		3,412,541
Secretary of State	38	446,516		446,516	917,121		917,121	569,965		569,965
Totals, General Administration		$3,546,913		$3,546,913	$4,265,545		$4,265,545	$4,068,411		$4,068,411
Agriculture:										
Department of Agriculture	41	$9,300,283	$7,354,644	$16,654,927	$10,762,097	$8,324,331	$19,086,428	$11,153,591	$8,408,904	$19,562,495
Dairy Council of California	54		472,540	472,540		555,274	555,274		556,800	556,800
Poultry Improvement Commission	55	110,852	70,425	181,277	102,822	85,501	188,323	62,839	109,115	171,954
Agricultural Labor Commission	57	283		283	4,717		4,717			
Totals, Agriculture		$9,411,418	$7,897,609	$17,309,027	$10,869,636	$8,965,106	$19,834,742	$11,216,430	$9,074,819	$20,291,249
Corrections:										
Youth and Adult Corrections Agency Administrator	58							$70,197		$70,197
Department of Corrections:										
Program Augmentations	65							494,084		494,084
Departmental Administration	72	$5,228,289		$5,228,289	$6,346,472		$6,346,472	6,578,624		6,578,624
Penal Institutions:										
Conservation Program	81	114,398		114,398	2,364,665		2,364,665	5,920,784		5,920,784
Correctional Institution Tehachapi	87							1,321,210		1,321,210
Correctional Training Facility	89	6,547,852		6,547,852	6,900,857		6,900,857	6,849,865		6,849,865
Deuel Vocational Institution	94	4,053,989		4,053,989	4,232,632		4,232,632	4,249,035		4,249,035
State Prison at Folsom	96	4,727,254		4,727,254	4,142,735		4,142,735	4,115,561		4,115,561
Institution for Men	100	6,106,476		6,106,476	6,687,651		6,687,651	4,440,694		4,440,694
Medical Facility	105	4,493,119		4,493,119	4,804,923		4,804,923	4,869,609		4,869,609
Men's Colony—East Facility	108	3,467,471		3,467,471	4,417,682		4,417,682	4,501,307		4,501,307
Men's Colony—West Facility	110	2,223,728		2,223,728	2,412,642		2,412,642	2,428,845		2,428,845
Rehabilitation Center	113	700,718		700,718	4,057,239		4,057,239	5,608,906		5,608,906
State Prison at San Quentin	118	7,121,065		7,121,065	7,406,052		7,406,052	7,548,091		7,548,091
Institution for Women	122	1,884,217		1,884,217	2,112,813		2,112,813	2,069,060		2,069,060
Totals, Department of Corrections		$46,668,576		$46,668,576	$55,886,363		$55,886,363	$60,995,675		$60,995,675
Department of the Youth Authority:										
Program Augmentations	129							$455,679		$455,679
Departmental Administration	134	$4,709,203		$4,709,203	$5,513,202		$5,513,202	5,780,013		5,780,013
Northern California Reception Center and Clinic	139	1,367,340		1,367,340	1,503,031		1,503,031	1,555,047		1,555,047
Southern California Reception Center and Clinic	141	1,570,161		1,570,161	1,750,174		1,750,174	1,776,206		1,776,206
Youth Authority Conservation Camps for Boys	143	877,254		877,254	982,459		982,459	986,795		986,795
Fricot Ranch School for Boys	145	891,492		891,492	1,033,878		1,033,878	1,037,661		1,037,661

Schedule 3—COMPARATIVE STATEMENT OF EXPENDITURES—Continued

Organization Unit	Page Reference	Actual 1961-62			Estimated 1962-63			Estimated 1963-64		
		General Fund	Special Funds	Total	General Fund	Special Funds	Total	General Fund	Special Funds	Total
STATE OPERATIONS—Continued										
ADMINISTRATIVE—Continued										
Corrections—Continued										
Department of the Youth Authority: —Continued										
Fred C. Nelles School for Boys	147	$1,500,375		$1,500,375	$1,939,513		$1,939,513	$1,972,910		$1,972,910
Northern California Youth Center	150				39,024		39,024	43,066		43,066
Paso Robles School for Boys	151	1,518,351		1,518,351	1,764,637		1,764,637	1,777,094		1,777,094
Preston School of Industry	153	2,861,689		2,861,689	3,166,056		3,166,056	3,227,542		3,227,542
Youth Training School	155	3,052,086		3,052,086	3,706,023		3,706,023	3,862,162		3,862,162
Los Guilucos School for Girls	157	1,146,762		1,146,762	1,281,482		1,281,482	1,293,600		1,293,600
Ventura School for Girls	159	1,047,238		1,047,238	1,593,781		1,593,781	1,776,500		1,776,500
Totals, Department of the Youth Authority		$20,541,951		$20,541,951	$24,273,260		$24,273,260	$25,544,275		$25,544,275
Totals, Corrections		$67,210,527		$67,210,527	$80,159,623		$80,159,623	$86,610,147		$86,610,147
Education:										
Department of Education:										
General Activities	163	$3,020,242		$3,020,242	$3,495,907		$3,495,907	$3,917,650		$3,917,650
National Defense Education Act	174	275,595		275,595	313,836		313,836	318,042		318,042
Division of Libraries	178	1,018,761		1,018,761	1,085,539		1,085,539	1,109,048		1,109,048
Industries for the Blind:										
Berkeley Center	182	100,318		100,318	174,829		174,829	172,228		172,228
Los Angeles Center	183	134,272		134,272	136,687		136,687	138,102		138,102
San Diego Center	185	57,715		57,715	64,197		64,197	63,571		63,571
Totals, Industries for the Blind		$292,305		$292,305	$375,713		$375,713	$373,901		$373,901
Orientation Center for the Blind	186	$332,975		$332,975	$276,669		$276,669	$261,084		$261,084
Special Schools for Physically Handicapped Children:										
School for the Blind	188	632,592		632,592	697,124		697,124	713,536		713,536
School for Cerebral Palsied Children, Northern California	190	475,799		475,799	497,303		497,303	504,053		504,053
School for Cerebral Palsied Children, Southern California	191	379,584		379,584	421,837		421,837	453,644		453,644
California School for the Deaf, Berkeley	193	1,565,506		1,565,506	1,762,721		1,762,721	1,767,369		1,767,369
California School for the Deaf, Riverside	195	1,723,266		1,723,266	1,873,723		1,873,723	1,899,627		1,899,627
Totals, Special Schools		$4,776,747		$4,776,747	$5,252,708		$5,252,708	$5,338,229		$5,338,229
Vocational Education	197	$646,604		$646,604	$682,848		$682,848	$686,040		$686,040
Vocational Rehabilitation	203	2,796,574		2,796,574	3,319,456		3,319,456	3,722,379		3,722,379
State Teachers' Retirement System	210	476,580		476,580	531,555		531,555	593,886		593,886
Totals, Education		$13,636,383		$13,636,383	$15,334,231		$15,334,231	$16,320,259		$16,320,259

Schedule 3—COMPARATIVE STATEMENT OF EXPENDITURES—Continued

Organization Unit	Page Reference	Actual 1961-62			Estimated 1962-63			Estimated 1963-64		
		General Fund	Special Funds	Total	General Fund	Special Funds	Total	General Fund	Special Funds	Total
STATE OPERATIONS—Continued										
ADMINISTRATIVE—Continued										
Higher Education:										
Coordinating Council for Higher Education	212	$157,164		$157,164	$304,331		$304,331	$319,025		$319,025
University of California	214	134,226,573	$206,962	134,433,535	149,624,494	$314,468	149,938,962	157,761,630	$260,000	158,021,630
Hasting College of Law	234	359,376		359,376	373,553		373,553	459,255		459,255
State Colleges:										
Program Augmentation	243							1,826,286		1,826,286
Trustees of the California State Colleges	247	976,489		976,489	1,336,143		1,336,143	1,390,461		1,390,461
State College for Alameda County	250	1,296,358		1,296,358	1,642,156		1,642,156	2,277,891		2,277,891
Chico State College	252	3,719,562		3,719,562	4,131,302		4,131,302	4,289,621		4,289,621
Fresno State College	255	5,735,347		5,735,347	6,568,846		6,568,846	6,674,021		6,674,021
Humboldt State College	258	2,960,347		2,960,347	3,399,182		3,399,182	3,522,678		3,522,678
Long Beach State College	260	6,898,853		6,898,853	8,033,288		8,033,288	8,696,322		8,696,322
Los Angeles State College of Applied Arts and Sciences	262	8,022,220		8,022,220	9,722,368		9,722,368	10,435,152		10,435,152
Orange County State College	265	1,456,070		1,456,070	1,794,086		1,794,086	2,472,609		2,472,609
Sacramento State College	267	4,424,688		4,424,688	5,169,333		5,169,333	5,364,335		5,364,335
San Bernardino-Riverside State College	269	51,703		51,703	167,760		167,760	207,849		207,849
San Diego State College	271	8,090,219		8,090,219	9,737,842		9,737,842	10,516,390		10,516,390
San Fernando Valley State College	273	4,779,811		4,779,811	5,913,495		5,913,495	6,825,723		6,825,723
San Francisco State College	276	8,349,726		8,349,726	9,907,118		9,907,118	10,374,610		10,374,610
San Jose State College	279	11,667,592		11,667,592	13,069,906		13,069,906	13,882,770		13,882,770
Sonoma State College	281	452,465		452,465	734,599		734,599	923,938		923,938
South Bay State College	283	57,948		57,948	165,342		165,342	213,587		213,587
Stanislaus State College	285	656,376		656,376	871,251		871,251	780,798		780,798
State Polytechnic College	287	8,295,860		8,295,860	9,730,779		9,730,779	10,420,730		10,420,730
Totals, State Colleges		$77,891,634		$77,891,634	$92,094,796		$92,094,796	$101,095,771		$101,095,771
Maritime Academy	291	$415,488		$415,488	$462,550		$462,550	$474,026		$474,026
State Scholarship Commission	293	1,824,716		1,824,716	2,417,359		2,417,359	3,041,188		3,041,188
Totals, Higher Education		$214,874,951	$206,962	$215,081,913	$245,277,083	$314,468	$245,591,551	$263,150,895	$260,000	$263,410,895
Employment:										
Department of Employment	1102		$251,168	$251,168		$279,626	$279,626		$371,656	$371,656
Fiscal Affairs:										
Board of Control	295	$16,346		$16,346	$19,232		$19,232	$24,893		$24,893
State Controller	296	$4,238,396	$801,067	$5,039,463	$4,575,116	$876,938	$5,452,054	$4,512,841	$865,431	$5,378,272
Board of Equalization	305	$14,071,835	$1,819,015	$15,890,850	$15,123,910	$2,037,180	$17,161,090	$15,383,888	$2,017,900	$17,401,788
Department of Finance:										
General Activities	311	$7,832,139	$228,468	$8,060,607	$8,814,670	$264,102	$9,078,772	$9,161,763	$270,748	$9,432,511
Capitol Building and Planning Commission	329	2,202		2,202	2,500		2,500	2,500		2,500
State Fair and Exposition	330	171,044	2,148,058	2,319,102	451,157	1,990,937	2,442,094	278,777	2,197,600	2,476,377

Schedule 3—COMPARATIVE STATEMENT OF EXPENDITURES—Continued

Organization Unit	Page Reference	Actual 1961-62			Estimated 1962-63			Estimated 1963-64		
		General Fund	Special Funds	Total	General Fund	Special Funds	Total	General Fund	Special Funds	Total
STATE OPERATIONS—Continued										
ADMINISTRATIVE—Continued										
Fiscal Affairs:—Continued										
California Museum of Science and Industry	334	$190,000	$351,231	$541,231	$219,287	$392,147	$611,434	$219,287	$368,086	$587,373
District Agricultural Associations	338		3,218,200	3,218,200		3,211,700	3,211,700		3,243,100	3,243,100
State Lands Division	339	1,001,912		1,001,912	1,085,508		1,085,508	1,166,248		1,166,248
Franchise Tax Board	342	$8,389,095		$8,389,095	$9,504,533		$9,504,533	$9,964,271		$9,964,271
State Treasurer	347	385,933		385,933	400,216		400,216	415,184		415,184
Totals, Fiscal Affairs		$36,298,902	$8,566,039	$44,864,941	$40,196,129	$8,773,004	$48,969,133	$41,129,652	$8,962,865	$50,092,517
Health and Welfare:										
Health and Welfare Agency Administrator	349							$63,983		$63,983
Department of Mental Hygiene:										
Program Augmentations	355							3,613,794		3,613,794
Departmental Administration	366	$8,767,582		$8,767,582	$11,491,234		$11,491,234	11,317,881		11,317,881
Day Treatment Centers	372	261,099		261,099	546,854		546,854	574,857		574,857
Outpatient Mental Hygiene Clinics	373	762,114		762,114	896,047		896,047	908,882		908,882
Neuropsychiatric Institutes:										
Langley Porter Neuropsychiatric Institute	378	2,114,969		2,114,969	2,323,030		2,323,030	2,317,835		2,317,835
Neuropsychiatric Institute at University of California, Los Angeles	379	2,856,895		2,856,895	3,720,561		3,720,561	4,356,906		4,356,906
Hospitals for Mentally Ill:										
Agnews State Hospital	381	10,591,964		10,591,964	11,618,423		11,618,423	11,630,886		11,630,886
Atascadero State Hospital	383	4,186,769		4,186,769	4,833,879		4,833,879	4,817,787		4,817,787
Camarillo State Hospital	385	13,435,147		13,435,147	15,099,092		15,099,092	15,011,289		15,011,289
DeWitt State Hospital	387	6,186,405		6,186,405	6,787,146		6,787,146	6,847,108		6,847,108
Mendocino State Hospital	390	6,018,021		6,018,021	6,566,731		6,566,731	6,533,038		6,533,038
Metropolitan State Hospital	392	9,047,885		9,047,885	10,022,707		10,022,707	10,273,977		10,273,977
Modesto State Hospital	394	6,507,754		6,507,754	7,116,852		7,116,852	7,065,630		7,065,630
Napa State Hospital	396	12,446,611		12,446,611	13,428,205		13,428,205	13,479,575		13,479,575
Patton State Hospital	398	11,401,996		11,401,996	12,623,791		12,623,791	12,810,701		12,810,701
Stockton State Hospital	400	9,831,633		9,831,633	10,531,739		10,531,739	10,544,540		10,544,540
Hospitals or Mentally Retarded:										
Fairview State Hospital	402	6,019,710		6,019,710	7,030,196		7,030,196	7,504,384		7,504,384
Pacific State Hospital	404	8,797,232		8,797,232	9,761,774		9,761,774	9,930,566		9,930,566
Porterville State Hospital	406	7,106,470		7,106,470	7,995,163		7,995,163	8,095,213		8,095,213
Sonoma State Hospital	408	10,515,797		10,515,797	11,496,745		11,496,745	11,684,780		11,684,780
Totals, Mental Hygiene		$136,856,053		$136,856,053	$153,890,169		$153,890,169	$159,319,629		$159,319,629
Department of Public Health	410	$9,089,905	$29	$9,089,934	$10,373,221		$10,373,221	$10,838,895		$10,838,895
Department of Social Welfare	426	$4,034,419		$4,034,419	$4,362,869		$4,362,869	$4,568,170		$4,568,170

Schedule 3—COMPARATIVE STATEMENT OF EXPENDITURES—Continued

Organization Unit	Page Reference	Actual 1961-62			Estimated 1962-63			Estimated 1963-64		
		General Fund	Special Funds	Total	General Fund	Special Funds	Total	General Fund	Special Funds	Total
STATE OPERATIONS—Continued										
ADMINISTRATIVE—Continued										
Health and Welfare—Continued										
Welfare Study Commission	426	$46,414		$46,414	$87,309		$87,309			
Citizens Advisory Committee on Aging	433	47,570		47,570	66,781		66,781	$69,213		$69,213
Totals, Social Welfare		$4,128,403		$4,128,403	$4,516,959		$4,516,959	$4,637,383		$4,637,383
Totals, Health and Welfare		$150,074,361	$29	$150,074,390	$168,780,349		$168,780,349	$174,859,890		$174,859,890
Highway Transportation:										
Highway Transportation Agency Administrator	434								$69,638	$69,638
Department of the California Highway Patrol	435		$35,743,793	$35,743,793		$40,785,091	$40,785,091		40,456,487	40,456,487
Department of Motor Vehicles	442	$159,762	31,279,903	31,439,665	$25,200	36,479,446	36,504,646		39,259,533	39,259,533
Department of Public Works:										
Departmental Administration	451									
Division of Aeronautics	453	93,953	14,720	108,673	134,663	5,406	140,069	$102,383	19,553	121,936
Division of Architecture	456		1,238,984	1,238,984		1,346,585	1,346,585		1,339,877	1,339,877
Division of Highways	458		59,175,688	59,175,688		68,502,646	68,502,646		65,223,783	65,223,783
Total, Department of Public Works		$93,953	$60,429,392	$60,523,345	$134,663	$69,854,637	$69,989,300	$102,383	$66,583,213	$66,685,596
Golden Gate Authority Commission	463		$4,417	$4,417						
Totals, Highway Transportation		$253,715	$127,457,505	$127,711,220	$159,863	$147,119,174	$147,279,037	$102,383	$146,368,871	$146,471,254
Industrial Relations:										
Department of Industrial Relations	464	$11,975,485		$11,975,485	$13,824,317		$13,824,317	$14,979,022		$14,979,022
State Fire Marshal	474	535,971	$92,478	628,449	618,916	$99,130	718,046	615,921	$115,269	731,190
Totals, Industrial Relations		$12,511,456	$92,478	$12,603,934	$14,443,233	$99,130	$14,542,363	$15,594,943	$115,269	$15,710,212
Justice:										
Department of Justice	476	$8,233,538		$8,233,538	$9,456,885		$9,456,885	$10,175,392		$10,175,392
Commission on Peace Officer Standards and Training	483		$48,931	48,931		$60,875	60,875		$74,531	74,531
Totals, Justice		$8,233,538	$48,931	$8,282,469	$9,456,885	$60,875	$9,517,760	$10,175,392	$74,531	$10,249,923
Military Affairs:										
Military Department	485	$2,812,235		$2,812,235	$2,960,283		$2,960,283	$3,039,361		$3,039,361
Regulation and Licensing:										
Department of Alcoholic Beverage Control	490	$3,755,070		$3,755,070	$4,120,173		$4,120,173	$4,215,790		$4,215,790
Alcoholic Beverage Control Appeals Board	492	105,563		105,563	113,188		113,188	116,394		116,394
Districts Securities Commission	492	67,351		67,351	71,863		71,863	72,363		72,363
Horse Racing Board	494		$203,554	203,554		$215,013	215,013		$217,331	217,331

Schedule 3—COMPARATIVE STATEMENT OF EXPENDITURES—Continued

Organization Unit	Page Reference	Actual 1961-62			Estimated 1962-63			Estimated 1963-64		
		General Fund	Special Funds	Total	General Fund	Special Funds	Total	General Fund	Special Funds	Total
STATE OPERATIONS—Continued										
ADMINISTRATIVE—Continued										
Regulation and Licensing—Continued										
Department of Investment:										
Banking Department	496		$687,129	$687,129		$843,229	$843,229		$926,849	$926,849
Division of Corporations	498	$2,401,108		2,401,108	$2,754,508		2,754,508	$2,863,547		2,863,547
Department of Insurance	500		2,208,684	2,208,684		2,586,178	2,586,178		2,682,834	2,682,834
Division of Real Estate	504		2,240,776	2,240,776		2,638,278	2,638,278		2,679,190	2,679,190
Division of Savings and Loan	507		988,644	988,644		1,258,592	1,258,592		1,297,873	1,297,873
Totals, Department of Investment		$2,401,108	$6,125,233	$8,526,341	$2,754,508	$7,326,277	$10,080,785	$2,863,547	$7,586,746	$10,450,293
Board of Osteopathic Examiners	509		$69,578	$69,578		$75,806	$75,806		$75,211	$75,211
Board of Commissioners for Humboldt Bay	510				$2,547		2,547	$2,547		2,547
Board of Pilot Commissioners for Harbor of San Diego	511	$875		875	1,435		1,435	1,435		1,435
Board of Pilot Commissioners for Bays of San Francisco, San Pablo and Suisun	512		23,766	23,766		28,737	28,737		28,619	28,619
Department of Professional and Vocational Standards:										
Division of Administrative Procedure	519	3,379		3,379						
Board of Accountancy	520		271,924	271,924		316,951	316,951		304,821	304,821
Board of Architectural Examiners	522		91,184	91,184		106,537	106,537		108,285	108,285
Athletic Commission	523	143,992	29,928	173,920	193,377		193,377	193,446		193,446
Board of Barber Examiners	525		202,030	202,030		224,613	224,613		233,231	233,231
Cemetery Board	526		57,454	57,454		66,185	66,185		66,513	66,513
Board of Chiropractic Examiners	527		84,297	84,297		103,424	103,424		106,292	106,292
Board of Registration for Civil and Professional Engineers	529		370,274	370,274		392,359	392,359		422,683	422,683
Collection Agency Licensing Bureau	530		194,351	194,351		212,879	212,879		251,995	251,995
Contractors' State License Board	532		1,213,585	1,213,585		1,587,406	1,587,406		1,518,609	1,518,609
Board of Cosmetology	534		412,566	412,566		476,101	476,101		477,642	477,642
Board of Dental Examiners	535		147,450	147,450		149,895	149,895		162,818	162,818
Board of Dry Cleaners	537		286,127	286,127		312,114	312,114		306,270	306,270
Board of Funeral Directors and Embalmers	538		76,378	76,378		87,639	87,639		87,610	87,610
Bureau of Furniture and Bedding Inspection	540		442,317	442,317		508,436	508,436		510,461	510,461
Board of Guide Dogs for the Blind	541	2,290		2,290	2,605		2,605	2,605		2,605
Board of Landscape Architects	542		21,708	21,708		26,374	26,374		26,380	26,380
Board of Medical Examiners	544		565,895	565,895		638,662	638,662		648,942	648,942
Board of Nursing Education and Nurse Registration	547		381,484	381,484		472,513	472,513		486,244	486,244
Board of Optometry	549		48,659	48,659		61,106	61,106		59,169	59,169
Board of Pharmacy	550		365,594	365,594		405,958	405,958		417,709	417,709
Bureau of Private Investigators and Adjusters	552		122,493	122,493		139,412	139,412		145,096	145,096
Certified Shorthand Reporters Board	553		23,742	23,742		27,426	27,426		27,796	27,796
Board of Social Work Examiners	555		33,098	33,098		34,140	34,140		35,998	35,998

Schedule 3—COMPARATIVE STATEMENT OF EXPENDITURES—Continued

Organization Unit	Page Reference	Actual 1961-62			Estimated 1962-63			Estimated 1963-64		
		General Fund	Special Funds	Total	General Fund	Special Funds	Total	General Fund	Special Funds	Total
STATE OPERATIONS—Continued										
ADMINISTRATIVE—Continued										
Regulations and Licensing—Continued										
Department of Professional and Vocational Standards—Continued										
Structural Pest Control Board	556		$193,724	$193,724		$279,259	$279,259		$290,019	$290,019
Board of Examiners in Veterinary Medicine	558		32,942	32,942		38,104	38,104		37,965	37,965
Board of Vocational Nurse Examiners	559		129,976	129,976		140,595	140,595		125,351	125,351
Yacht and Ship Brokers Commission	561		20,241	20,241		25,338	25,338		26,066	26,066
Totals, Department of Professional and Vocational Standards		$149,661	$5,819,421	$5,969,082	$195,982	$6,833,426	$7,029,408	$196,051	$6,883,965	$7,080,016
Public Utilities Commission	563	$3,687,709	$3,031,254	$6,718,963	$3,996,008	$3,310,422	$7,306,430	$4,106,256	$3,344,364	$7,450,620
Totals, Regulation and Licensing		$10,167,337	$15,272,806	$25,440,143	$11,255,704	$17,789,681	$29,045,385	$11,574,383	$18,136,236	$29,710,619
Resources:										
Resources Agency Administrator	572							$65,948		$65,948
Natural Resources:										
Department of Conservation	573	$25,481,576	$889,400	$26,370,976	$26,896,971	$951,319	$27,848,290	27,994,553	$977,534	28,972,087
Fish and Game:										
Department of Fish and Game	591		10,090,130	10,090,130		10,803,390	10,803,390		10,826,521	10,826,521
Marine Research Committee	615		85,796	85,796		92,201	92,201		113,205	113,205
Wildlife Conservation Board	616		67,590	67,590		86,720	86,720		77,462	77,462
Totals, Fish and Game			$10,243,516	$10,243,516		$10,982,311	$10,982,311		$11,017,188	$11,017,188
Department of Parks and Recreation	617	$6,966,843		$6,966,843	$8,281,413		$8,281,413	$8,883,388		$8,883,388
Totals, Natural Resources		$32,448,419	$11,132,916	$43,581,335	$35,178,384	$11,933,630	$47,112,014	$36,877,941	$11,994,722	$48,872,663
Water Resources:										
Department of Water Resources	629	$9,719,873	$38,600	$9,758,473	$9,605,040	$32,203	$9,637,243	$9,825,013	$78,300	$9,903,313
Water Rights Board	669	798,590		798,590	932,441		932,441	968,698		968,698
Reclamation Board	671	159,116		159,116	243,376		243,376	144,249		144,249
Colorado River Board	672	221,983		221,983	235,343		235,343	231,667		231,667
Colorado River Boundary Commission	674	23,207		23,207	25,689		25,689	63,713		63,713
Klamath River Compact Commission	675	5,698		5,698	5,697		5,697	5,333		5,333
California-Nevada Interstate Compact Commission	676	89,817		89,817	96,842		96,842	49,971		49,971
Water Pollution Control Board	677	900,784		900,784	987,935		987,935	971,920		971,920
Goose Lake Compact Commission	681	2,356		2,356	5,000		5,000	5,000		5,000
Totals, Water Resources		$11,921,424	$38,600	$11,960,024	$12,137,363	$32,203	$12,169,566	$12,265,564	$78,300	$12,343,864
Totals, Resources		$44,369,843	$11,171,516	$55,541,359	$47,315,747	$11,965,833	$59,281,580	$49,209,453	$12,073,022	$61,282,475

Schedule 3—COMPARATIVE STATEMENT OF EXPENDITURES—Continued

Organization Unit	Page Reference	Actual 1961-62			Estimated 1962-63			Estimated 1963-64		
		General Fund	Special Funds	Total	General Fund	Special Funds	Total	General Fund	Special Funds	Total
STATE OPERATIONS—Continued										
ADMINISTRATIVE—Continued										
Veterans Affairs:										
Department of Veterans Affairs:										
General Activities	682	$3,910,332		$3,910,332	$3,959,428		$3,959,428	$3,859,440		$3,859,440
Veterans' Home of California	685	2,905,803		2,905,803	3,297,124		3,297,124	3,388,854		3,388,854
Woman's Relief Corps Home	687	5,520		5,520	5,100		5,100	3,900		3,900
United Spanish War Veterans Commission	688	3,211		3,211	3,400		3,400	3,400		3,400
Totals, Veterans Affairs		$6,824,866		$6,824,866	$7,265,052		$7,265,052	$7,255,594		$7,255,594
Provision for Salary Increases	689							$21,830,000	$8,920,000	$30,750,000
Reserve for Contingencies	690				$491,251		$491,251	1,000,000		1,000,000
Miscellaneous:										
Personal Services not elsewhere reported	695	$253,614		$253,614	$497,299		$497,299	$6,096,000	$3,700,000	$9,796,000
Legislative Claims	696	132,777	$203,875	336,652	97,802	$14,584	112,386	11,237	23,133	34,370
San Francisco World Trade Center Authority	697							160,238		160,238
Permanent Revolving Funds	700		750,000	750,000	107,259	750,000	857,259	143,208	750,000	893,208
Refunds of Taxes, Licenses and other fees	701	16,249		16,249	30,000		30,000	30,000		30,000
Advisory Commission on Indian Affairs	702				10,000		10,000	12,000		12,000
Workmen's Compensation Benefits for State Employees	702	2,225,195		2,225,195	2,600,000		2,600,000	3,000,000		3,000,000
Payments for Additional Workmen's Compensation Benefits for Subsequent Injuries	705	687,198		687,198	800,000		800,000	900,000		900,000
Payment of Interest on General Fund Loans	705	8,904		8,904	100,000		100,000	385,000		385,000
Totals, Miscellaneous		$3,323,937	$953,875	$4,277,812	$4,242,360	$764,584	$5,006,944	$10,737,683	$4,473,133	$15,210,816
Debt Service:										
Bond Interest and Redemption	706	$16,476,370		$16,476,370	$23,644,263		$23,644,263	$26,975,171		$26,975,171
Credits to General Fund for Overhead Services Charged to Agencies Supported from Special Funds		—$4,647,000		—$4,647,000	—$5,700,000		—$5,700,000	—$5,600,000		—$5,600,000
Estimated Unidentifiable Savings					—5,000,000		—5,000,000	—8,000,000		—8,000,000
NET TOTALS, STATE OPERATIONS		$607,168,613	$171,790,406	$778,959,019	$689,837,944	$196,409,954	$886,247,898	$753,537,378	$209,659,857	$963,197,235

Schedule 3—COMPARATIVE STATEMENT OF EXPENDITURES—Continued

Organization Unit	Page Reference	Actual 1961-62			Estimated 1962-63			Estimated 1963-64		
		General Fund	Special Funds	Total	General Fund	Special Funds	Total	General Fund	Special Funds	Total
CAPITAL OUTLAY										
Agriculture:										
Department of Agriculture	715	$16,489		$16,489	$81,600		$81,600	$129,785		$129,785
Poultry Improvement Commission	716		$1,695	1,695						
Totals, Agriculture		$16,489	$1,695	$18,184	$81,600		$81,600	$129,785		$129,785
Corrections:										
Department of Corrections:										
Conservation Program	721	$1,330,600		$1,330,600	$876,113		$876,113	$49,000		$49,000
Correctional Institution at Tehachapi	722							52,180		52,180
Correctional Training Facility	723	97,195		97,195	143,241		143,241	47,490		47,490
Deuel Vocational Institution	724	6,863		6,863	75,926		75,926	47,300		47,300
State Prison at Folsom	726	101,990		101,990	102,281		102,281	557,300		557,300
Institution for Men	727	135,694		135,694	153,431		153,431	70,800		70,800
Medical Facility	728	—2,094		—2,094	10,728		10,728	3,000		3,000
Men's Colony—East Facility	729	127,115		127,115	414,985		414,985	16,700		16,700
Men s Colony—West Facility	730	11,108		11,108	9,809		9,809	24,325		24,325
State Prison at San Quentin	731	145,249		145,249	97,957		97,957	138,326		138,326
Institution for Women	733	11,969		11,969	15,421		15,421			
Totals, Department of Corrections		$1,965,689		$1,965,689	$1,899,892		$1,899,892	$1,006,421		$1,006,421
Department of the Youth Authority:										
Northern California Reception Center and Clinic	737	$103,499		$103,499	$40,567		$40,567	$22,300		$22,300
Southern California Reception Center and Clinic	738	371		371	102		102			
Youth Authority Conservation Camps for Boys	739							18,300		18,300
Fricot Ranch School for Boys	740	30,873		30,873	47,987		47,987	94,300		94,300
Fred C. Nelles School for Boys	741	—101,260		—101,260	369,155		369,155	25,000		25,000
Northern California Youth Center	742	664,830		664,830	189,150		189,150			
Paso Robles School for Boys	743	328,145		328,145	164,238		164,238	125,830		125,830
Preston School of Industry	744	72,516		72,516	91,821		91,821	101,210		101,210
Youth Training School	746	174,411		174,411	129,474		129,474	4,500		4,500
Los Guilucos School for Girls	747	94,714		94,714	53,041		53,041			
Ventura School for Girls	748	8,016		8,016	70,984		70,984	22,750		22,750
Totals, Department of the Youth Authority		$1,376,115		$1,376,115	$1,156,519		$1,156,519	$414,190		$414,190
Totals, Corrections		$3,341,804		$3,341,804	$3,056,411		$3,056,411	$1,420,611		$1,420,611

Schedule 3—COMPARATIVE STATEMENT OF EXPENDITURES—Continued

Organization Unit	Page Reference	Actual 1961-62			Estimated 1962-63			Estimated 1963-64		
		General Fund	Special Funds	Total	General Fund	Special Funds	Total	General Fund	Special Funds	Total
CAPITAL OUTLAY—Continued										
Education:										
Department of Education:										
Industries for the Blind:										
Los Angeles Center	749				$22,400		$22,400			
Special Schools for Physically Handicapped Children:										
School for the Blind	750	$28,000		$28,000	$72,750		$72,750	$7,000		$7,000
School for Cerebral Palsied Children, Southern California	751	60,000		60,000				42,902		42,902
School for the Deaf, Berkeley	752	102,363		102,363	18,487		18,487	1,275		1,275
School for the Deaf, Riverside	753	4,748		4,748	7,667		7,667	6,050		6,050
Totals, Education		$195,111		$195,111	$121,304		$121,304	$57,227		$57,227
Higher Education:										
University of California	769	$1,732,000		$1,732,000	$3,582,700		$3,582,700	$1,953,600		$1,953,600
State Colleges:										
Trustees of the State Colleges	774	196,698		196,698						
State College for Alameda County	775	24,655		24,655	117,442		117,442			
Chico State College	777	353,268		353,268	849,686		849,686	43,180		43,180
Fresno State College	779	196,442		196,442	85,863		85,863	53,400		53,400
Humboldt State College	782	464,877		464,877	198,122		198,122	77,480		77,480
Long Beach State College	784	—233,482		—233,482	402,781		402,781	66,600		66,600
Los Angeles State College of Applied Arts and Sciences	786	49,698		49,698	180,054		180,054	127,500		127,500
Orange State College	787	71,112		71,112	—406,529		—406,529	198,000		198,000
Sacramento State College	789	44,121		44,121	163,166		163,166	45,000		45,000
San Diego State College	791	—53,145		—53,145	126,769		126,769	121,300		121,300
San Fernando Valley State College	794	306,040		306,040	93,618		93,618	7,000		7,000
San Francisco State College	796	83,253		83,253	220,836		220,836	70,600		70,600
San Jose State College	798	94,543		94,543	839,346		839,346	91,200		91,200
Sonoma State College	800							53,840		53,840
Stanislaus State College	802	16,642		16,642	70,435		70,435			
State Polytechnic State College	805	92,203		92,203	1,967,453		1,967,453	146,114		146,114
Totals, State Colleges		$1,706,925		$1,706,925	$4,909,042		$4,909,042	$1,101,214		$1,101,214
Maritime Academy	807	$5,000		$5,000	$17,887		$17,887	$148,375		$148,375
Totals, Higher Education		$3,443,925		$3,443,925	$8,509,629		$8,509,629	$3,203,189		$3,203,189
Employment:										
Department of Employment	809		—$532,963	—$532,963		—$503	—$503		$267,837	$267,837

Schedule 3—COMPARATIVE STATEMENT OF EXPENDITURES—Continued

Organization Unit	Page Reference	Actual 1961-62			Estimated 1962-63			Estimated 1963-64		
		General Fund	Special Funds	Total	General Fund	Special Funds	Total	General Fund	Special Funds	Total
CAPITAL OUTLAY—Continued										
Fiscal Affairs:										
Department of Finance:										
General Activities	812	—$1,159,505		—$1,159,505	$1,121,809		$1,121,809	$1,095,260		$1,095,260
State Fair and Exposition	814	303,229		303,229						
California Museum of Science and Industry	815	—3,513	$133,990	130,477	—219,530	$311,896	92,366	202,316	$145,126	347,442
District Agricultural Associatione	825	4,196	1,619,290	1,623,486		2,734,019	2,734,019		1,734,399	1,734,399
Totals, Department of Finance		—$855,593	$1,753,280	$897,687	$902,279	$3,045,915	$3,948,194	$1,297,576	$1,879,525	$3,177,101
Health and Welfare:										
Department of Mental Hygiene:										
Neuropsychiatric Institutes:										
Langley Porter Neuropsychiatric Institute	832	$7,644		$7,644	$67,401		$67,401	$18,000		$18,000
Neuropsychiatric Inetitute at University of California at Los Angelcs	833	5,326		5,326	354,811		354,811	12,700		12,700
Hospitals for Mentally Ill:										
Agnews State Hospital	834	206,768		206,768	178,197		178,197	83,040		83,040
Atascadero State Hospital	835	15,962		15,962	81,924		81,924	19,000		19,000
Camarillo State Hospital	837	121,071		121,071	169,767		169,767	89,300		89,300
DeWitt State Hospital	838	100,307		100,307	125,608		125,608	94,500		94,500
Mendocino State Hospital	839	—4,430		—4,430	81,648		81,648	53,700		53,700
Metropolitan State Hospital	840	52,864		52,864	226,169		226,169	78,350		78,350
Modesto State Hospital	842	50,902		50,902	89,892		89,892	76,650		76,650
Napa State Hospital	843	76,232		76,232	301,311		301,311	103,400		103,400
Patton State Hospital	844	118,447		118,447	113,774		113,774	100,650		100,650
Stockton State Hospital	846	68,786		68,786	254,135		254,135	63,200		63,200
Hospitals for Mentally Retarded:										
Fairview State Hospital	847	70,723		70,723	534,422		534,422	70,000		70,000
Pacific State Hospital	848	588,813		588,813	46,831		46,831	107,400		107,400
Porterville State Hospital	849	126,092		126,092	42,479		42,479	70,040		70,040
Sonoma State Hospital	851	78,055		78,055	59,302		59,302	36,450		36,450
Totals, Department of Mental Hygiene		$1,683,562		$1,683,562	$2,727,671		$2,727,671	$1,076,380		$1,076,380
Department of Public Health	853	$63,614		$63,614						
Totals, Health and Welfare		$1,747,176		$1,747,176	$2,727,671		$2,727,671	$1,076,380		$1,076,380

Schedule 3—COMPARATIVE STATEMENT OF EXPENDITURES—Continued

Organization Unit	Page Reference	Actual 1961-62			Estimated 1962-63			Estimated 1963-64		
		General Fund	Special Funds	Total	General Fund	Special Funds	Total	General Fund	Special Funds	Total
CAPITAL OUTLAY—Continued										
Highway Transportation:										
Department of the California Highway Patrol	854		$259,277	$259,277		$528,618	$528,618		$2,568,850	$2,568,850
Department of Motor Vehicles	857		7,552,646	7,552,646		8,623,765	8,623,765		1,508,652	1,508,652
Department of Public Works:										
Division of Aeronautics	858		2,881	2,881		3,119	3,119			
Division of Highways	861		219,771,509	219,771,509		342,239,315	342,239,315		271,455,834	271,455,834
Totals, Department of Public Works			$219,774,390	$219,774,390		$342,242,434	$342,242,434		$271,455,834	$271,455,834
Totals, Highway Transportation			$227,586,313	$227,586,313		$351,394,817	$351,394,817		$275,533,336	$275,533,336
Military Affairs:										
Military Department	917	$499,490		$499,490	$557,648		$557,648	$177,715		$177,715
Resources:										
Natural Resources:										
Department of Conservation	924	$1,193,866		$1,193,866	$2,445,480		$2,445,480	$735,628		$735,628
Department of Fish and Game	927		$362,473	362,473		$234,444	234,444		$81,600	81,600
Wildlife Conservation Board	928		484,589	484,589		894,819	894,819		828,771	828,771
Department of Parks and Recreation	930	6,787,448		6,787,448	12,878,169		12,878,169	5,639,416		5,639,416
Totals, Natural Resources		$7,981,314	$847,062	$8,828,376	$15,323,649	$1,129,263	$16,452,912	$6,375,044	$910,371	$7,285,415
Department of Water Resources	947	—$17,147	$29,183,188	$29,166,041	$650,166	$87,034,526	$87,684,692	$708,000	$36,526,184	$37,234,184
Totals, Resources		$7,964,167	$30,030,250	$37,994,417	$15,973,815	$88,163,789	$104,137,604	$7,083,044	$37,436,555	$44,519,599
Veterans Affairs:										
Veterans Home of California	959	$27,397		$27,397	$38,493		$38,493	$82,750		$82,750
Unallocated:										
Project Planning	960	$407,600		$407,600	$55,702		$55,702	$125,000		$125,000
Miscellaneous Repairs, Improvements and Equipment	960				94,450		94,450	100,000		100,000
Totals, Unallocated		$407,600		$407,600	$150,152		$150,152	$225,000		$225,000
TOTALS, CAPITAL OUTLAY		$16,787,566	$258,838,575	$275,626,141	$32,119,002	$442,604,018	$474,723,020	$14,753,277	$315,117,253	$329,870,530

Schedule 3—COMPARATIVE STATEMENT OF EXPENDITURES—Continued

Organization Unit	Page Reference	Actual 1961-62			Estimated 1962-63			Estimated 1963-64		
		General Fund	Special Funds	Total	General Fund	Special Funds	Total	General Fund	Special Funds	Total
LOCAL ASSISTANCE										
SUBVENTIONS:										
Corrections:										
Assistance to Counties for Maintenance of Juvenile Homes and Camps	963	$2,344,966		$2,344,966	$2,772,550		$2,772,550	$3,087,000		$3,087,000
Assistance for Control of Juveniles	963				27,000		27,000	27,000		27,000
Assistance to Counties for Construction of Juvenile Homes and Camps	964	423,415		423,415	305,425		305,425	684,575		684,575
Totals, Corrections		$2,768,381		$2,768,381	$3,104,975		$3,104,975	$3,798,575		$3,798,575
Education:										
Apportionments for Public Schools	967	$714,009,465	$3,418,015	$717,427,480	$761,183,955	$3,901,811	$765,085,766	$839,564,334	$3,720,000	$843,284,334
Junior College Assistance	969	5,000,000		5,000,000	5,000,000		5,000,000			
Child Care Centers	970	4,947,851		4,947,851	5,881,666		5,881,666	5,556,395		5,556,395
Contributions to Teachers' Retirement Fund	970	41,236,926		41,236,926	43,001,872		43,001,872	47,300,000		47,300,000
Debt Service on Public School Building Bonds	971	26,401,156		26,401,156	37,015,783		37,015,783	40,544,275		40,544,275
Free Texthooks	975	6,867,166		6,867,166	8,976,520		8,976,520	11,794,795		11,794,795
Assistance to Public Libraries	977							850,000		850,000
School Building Construction	979					168,613	168,613		395,355	395,355
Vocational Education—Reimbursements to School Districts	980	195,762		195,762	230,271		230,271	230,271		230,271
Totals, Education		$798,658,326	$3,418,015	$802,076,341	$861,290,067	$4,070,424	$865,360,491	$945,840,070	$4,115,355	$949,955,425
Health and Welfare:										
Mental Hygiene:										
Assistance to Local Agencies for Mental Health Services	981	$2,509,686		$2,509,686	$3,050,000		$3,050,000	$5,450,000		$5,450,000
Public Health:										
Assistance to Counties for Care of Crippled Children	983	$6,465,269		$6,465,269	$9,273,258		$9,273,258	$11,537,419		$11,537,419
Assistance to Counties for Tuberculosis Sanatoria	983	3,580,392		3,580,392	3,563,496		3,563,496	2,962,503		2,962,503
Assistance to Counties without Local Health Departments	984	330,271		330,271	414,249		414,249	494,406		494,406
Assistance to Local Health Departments	985	3,869,045		3,869,045	4,109,164		4,109,164	4,241,401		4,241,401
Assistance to Counties for Gnat Control	985	20,000		20,000	50,000		50,000	50,000		50,000
Assistance to Counties for Mosquito Control	985	197,418		197,418	207,904		207,904	208,767		208,767
Assistance to Counties for Treatment of Physically Handicapped Children	986	1,198,205		1,198,205	1,420,379		1,420,379	1,676,276		1,676,276
Assistance to Local and Nonprofit Agencies for Hospital Construction	987	7,068,857		7,068,857	11,663,794		11,663,794	11,663,794		11,663,794
Totals, Public Health		$22,729,457		$22,729,457	$30,702,244		$30,702,244	$32,834,566		$32,834,566

Schedule 3—COMPARATIVE STATEMENT OF EXPENDITURES—Continued

Organization Unit	Page Reference	Actual 1961-62			Estimated 1962-63			Estimated 1963-64		
		General Fund	Special Funds	Total	General Fund	Special Funds	Total	General Fund	Special Funds	Total
LOCAL ASSISTANCE—Continued										
SUBVENTIONS—Continued										
Health and Welfare:—Continued										
Social Welfare:										
Assistance										
Aid to Needy Blind	989	$8,930,622		$8,930,622	$9,411,400		$9,411,400	$9,537,300		$9,537,300
Aid to Potentially Self-Supporting Blind	990	432,425		432,425	504,900		504,900	531,100		531,100
Aid to Needy Children	990	77,313,501		77,313,501	79,396,200		79,396,200	93,576,400		93,576,400
Aid to Needy Disabled	991	10,654,694		10,654,694	19,346,900		19,346,900	27,882,900		27,882,900
Old Age Security	991	133,950,154		133,950,154	151,357,100		151,357,100	160,589,800		160,589,800
Medical Assistance for the Aged	992				4,653,930		4,653,930	23,248,000		23,248,000
Total Assistance		$231,281,396		$231,281,396	$264,670,430		$264,670,430	$315,365,500		$315,365,500
Local Administration:										
Training	994	$71,786		$71,786	$85,000		$85,000	$103,795		$103,795
Special Projects	995	170,046		170,046	761,600		761,600	761,600		761,600
Total, Local Administration		$241,832		$241,832	$846,600		$846,600	$865,395		$865,395
Licensing and Adoptions:										
Local Inspection of Homes and Agencies Caring for Aged and Children	996	$1,371,484		$1,371,484	$1,491,840		$1,491,840	$1,533,050		$1,533,050
Reimbursement to Counties for Administration and Cost of Care of Adoptions	996	3,153,687		3,153,687	4,073,947		4,073,947	4,779,047		4,779,047
Total Licensing and Adoptions		$4,525,171		$4,525,171	$5,565,787		$5,565,787	$6,312,097		$6,312,097
Totals, Social Welfare		$236,048,399		$236,048,399	$271,082,817		$271,082,817	$322,542,992		$322,542,992
Totals, Health and Welfare		$261,287,542		$261,287,542	$304,835,061		$304,835,061	$360,827,558		$360,827,558
Highway Transportation:										
Local Roads and Highways	1000		$4,776,959	$4,776,959		$5,630,328	$5,630,328		$5,400,500	$5,400,500
Grade Crossing Porteetion Works	1001		3,534,269	3,534,269		4,586,056	4,586,056		5,270,705	5,270,705
Totals, Highway Transportation			$8,311,228	$8,311,228		$10,216,384	$10,216,384		$10,671,205	$10,671,205
Resourees:										
Flood Control:										
Department of Water Resourees Projects	1004	$2,781,453		$2,781,453	$14,664,187		$14,664,187	$11,961,501		$11,961,501
Reclamation Board Projeets	1004	3,025,621		3,025,621	7,729,169		7,729,169	7,410,122		7,410,122
Totals, Flood Control		$5,807,074		$5,807,074	$22,393,356		$22,393,356	$19,371,623		$19,371,623
Beach Erosion Control	1006	226,543	—$221,738	4,805	612,395		612,395	953,800		953,800
Loans to Local Agencies for Small Craft Harbors	1007		270,000	270,000						
Grants to Soil Conservation Districts	1013	152,987		157,987	100,000		100,000	100,000		100,000
Totals, Resources		$6,186,604	$48,262	$6,234,866	$23,105,751		$23,105,751	$20,425,423		$20,425,423

Schedule 3—COMPARATIVE STATEMENT OF EXPENDITURES—Continued

Organization Unit	Page Reference	Actual 1961-62			Estimated 1962-63			Estimated 1963-64		
		General Fund	Special Funds	Total	General Fund	Special Funds	Total	General Fund	Special Funds	Total
LOCAL ASSISTANCE—Continued										
SUBVENTIONS—Continued										
Other Purposes:										
Salaries of Superior Court Judges	1014	$3,758,740		$3,758,740	$3,952,000		$3,952,000	$3,962,000		$3,962,000
Contributions to Judges' Retirement Fund	1015	303,007		303,007	456,960		456,960	456,960		456,960
County Veterans Service Officers	1015	500,000		500,000	500,000		500,000	500,000		500,000
Salaries of County Agricultural Commissioners	1015	169,769		169,769	171,001		171,001	177,600		177,600
Workmen's Compensation for Disaster Service Workers	1016	37,104		37,104	50,000		50,000	50,000		50,000
Assistance to Cities and Counties for Peace Officers' Standards and Training	1016		$449,601	449,601		$489,750	489,750		$535,238	535,238
Assistance to County Agricultural Fairs and Citrus Fruit Fairs	1017		2,207,131	2,207,131		3,105,700	3,105,700		2,814,700	2,814,700
Housing Improvement and Development	1018							2,000,000		2,000,000
Storm and Flood Damage Repair	1019	—6,557	—76,421	—82,978	—96,841	1,740,000	1,643,159	—23,831		—23,831
Earthquake Damage Repair	1019	—146,613		—146,613	—107,833		—107,833	—106,844		—106,844
Veterans' Housing	1020	—39,095		—39,095	—108,200		—108,200	—55,000		—55,000
Airport Assistance	1020		332,762	332,762		352,238	352,238		344,594	344,594
Totals, Other Purposes		$4,576,355	$2,913,073	$7,489,428	$4,817,087	$5,687,688	$10,504,775	$6,960,885	$3,694,532	$10,655,417
TOTALS, SUBVENTIONS		$1,073,477,208	$14,690,578	$1,088,167,786	$1,197,152,941	$19,974,496	$1,217,127,437	$1,337,852,511	$18,481,092	$1,356,333,603
SHARED REVENUES:										
For General Government:										
Apportionment of Liquor License Fees	1022		$9,493,108	$9,493,108		$11,297,493	$11,297,493		$10,634,000	$10,634,000
Apportionment of Motor Vehicle License Fees	1022		127,917,857	127,917,857		136,865,000	136,865,000		145,770,000	145,770,000
Apportionment of Highway Properties Rental Receipts	1022		554,856	554,856		524,008	524,008		550,000	550,000
Totals, General Government			$137,965,821	$137,965,821		$148,686,501	$148,686,501		$156,954,000	$156,954,000
For County Roads:										
Apportionment of Motor Vehicle Fuel Tax	1023		$77,401,643	$77,401,643		$81,068,235	$81,068,235		$84,339,765	$84,339,765
Apportionment of Motor Vehicle Registration and Weight Fees	1023		13,432,824	13,432,824		13,938,372	13,938,372		14,839,920	14,839,920
Totals, County Roads			$90,834,467	$90,834,467		$95,006,607	$95,006,607		$99,179,685	$99,179,685
For City Streets:										
Apportionment of Motor Vehicle Fuel Tax	1023		$34,664,769	$34,664,769		$38,116,548	$38,116,548		$39,492,708	$39,492,708
TOTALS, SHARED REVENUES			$263,465,057	$263,465,057		$281,809,656	$281,809,656		$295,626,393	$295,626,393
TOTAL, LOCAL ASSISTANCE		$1,073,477,208	$278,155,635	$1,351,632,843	$1,197,152,941	$301,784,152	$1,498,937,093	$1,337,852,511	$314,107,485	$1,651,959,996
GRAND TOTALS EXPENDITURES										
STATE OPERATIONS		$607,168,613	$171,790,406	$778,959,019	$689,837,944	$196,409,954	$886,247,898	$753,537,378	$209,659,857	$963,197,235
CAPITAL OUTLAY		16,787,566	258,838,575	275,626,141	32,119,002	442,604,018	474,723,020	14,753,277	315,117,253	329,870,530
LOCAL ASSISTANCE		1,073,477,208	278,155,635	1,351,632,843	1,197,152,941	301,784,152	1,498,937,093	1,337,852,511	314,107,485	1,651,959,996
TOTALS		$1,697,433,387	$708,784,616	$2,406,218,003	$1,919,109,887	$940,798,124	$2,859,908,011	$2,106,143,166	$838,884,595	$2,945,027,761

Schedule 4

SUMMARY OF FUND CONDITION BY FUNDS AS OF JUNE 30, 1962, JUNE 30, 1963, AND JUNE 30, 1964

Fund	Page reference	Accumulated surplus June 30, 1961	Actual income 1961-62	Actual expenditures 1961-62	Transfers between funds	Accumulated surplus June 30, 1962	Estimated income 1962-63	Estimated expenditures 1962-63	Transfers between funds	Accumulated surplus June 30, 1963	Estimated income 1963-64	Estimated expenditures 1963-64	Transfers between funds	Accumulated surplus June 30, 1964
GENERAL FUND		$61,860,883	$1,728,221,900	$1,697,433,387		$45,004,818 [a]47,584,578	$1,845,351,753	$1,619,109,887		$3,619,332 [a]15,211,630	$2,069,711,412	$2,106,143,166		$3,983,365 [a]8,416,113
Transfers from Other Funds:														
Athletic Commission Fund			(1,192)		(+$1,192)									
California Water Fund											(20,000,000)		(+$20,000,000)	
Fair and Exposition Fund			(12,737,521)		(+12,737,521)		(14,550,864)		(+$14,550,864)		(13,771,921)		(+13,771,921)	
Insurance Fund			(332,779)		(+332,779)									
Legislative Printing Fund			(174,306)		(+174,306)									
Redemption Tax Fund			(723,275)		(+723,275)									
California Museum of Science and Industry Fund			(74,158)		(+74,158)		(72,207)		(+72,207)		(72,000)		(+72,000)	
State College Fund			(152,627)		(+152,627)									
State Beach and Park Fund			(8,879,785)		(+8,879,785)									
State Lands Act Fund			(1,144,706)		(+1,144,706)									
Motor Vehicle Transportation Tax Fund							(5,000,000)		(+5,000,000)					
Transfers to Other Funds:														
Assembly Contingent Fund				(2,910,500)	(−2,910,500)			(3,362,875)	(−3,362,875)			(2,781,746)	(−2,781,746)	
Senate Contingent Fund				(1,800,500)	(−1,800,500)			(1,852,227)	(−1,852,227)			(1,551,799)	(−1,551,799)	
Poultry Testing Project Fund				(110,852)	(−110,852)			(102,822)	(−102,822)			(62,839)	(−62,839)	
California Museum of Science and Industry Fund				(190,000)	(−190,000)			(219,287)	(−219,287)			(219,287)	(−219,287)	
State Fair Fund				(171,044)	(−171,044)			(451,157)	(−461,157)			(278,777)	(−278,777)	
SPECIAL FUNDS:														
Agriculture Fund	54	$3,755,166	$6,783,671	$7,355,287		$1,044,682 [a]2,139,168	$7,604,723	$8,325,493		$85,212 [a]2,677,868	$8,261,566	$8,408,937		$12,841 [a]2,602,868
Airport Assistance Fund	455			332,762	+$350,000	[a]17,238		357,644	+$350,000	[a]6,564		350,572	+$350,000	[a]9,022
Alcohol Beverage Control Fund	461	678,115	10,342,786	9,493,108		[a]1,527,793	10,469,700	11,297,493		[a]700,060	10,647,060	10,634,060		[a]713,060
Architecture Public Building Fund	457	−116,025	1,209,264	1,238,084		−139,745	1,370,060	1,346,585		−116,330	1,370,060	1,353,452		−69,782
Assembly Contingent Fund	3	246,643		2,769,889 −2,910,506	(+2,910,500)	[a]381,254		3,362,875 −3,362,875	(+3,362,875)	[a]381,254		3,163,060 −2,781,746	(+2,781,746)	
Banking Fund	497	611,358	743,705	687,129		667,934	826,062	843,229		644,767	888,750	626,849		606,668
California Museum of Science and Industry Fund	337	101,415	573,866 −74,158	640,829 −196,060	+15,060 (−74,158) (+160,000)	165,273 [a]21	601,500 −72,207	884,388 −219,287	+15,060 (−72,207) (+219,287)	44,486	572,750 −72,060	732,527 −216,287	+15,060 (−72,060) (+219,287)	46,666
California Water Fund	956	118,201,848	12,916,634	29,281,499		40,749,172 [a]61,687,811	36,401,365	88,963,068		24,558,012 [a]24,717,328	13,230,086 −20,060,060	36,824,484	(−20,006,600)	[a]5,680,942
Chiropractic Examiners Fund	528	43,014	92,514	84,267		51,231	107,120	103,424		54,627	109,285	106,292		57,920
Collection Agency Fund	532	734	187,982	194,351		−5,635	168,000	212,879		−20,514	272,560	251,695		
Dairy Products Trust Fund	55	224,176	499,691	472,540		251,327	510,060	555,274		206,053	510,000	556,860		159,253
Employment Contingent Fund	816	67,264	1,686,348	−281,795		1,929,307 [a]136,160	1,471,506	279,123		3,126,484 [a]131,306	1,437,560	639,493		4,055,761 [a]
Fair and Exposition Fund	827	2,732,584	20,621,235 −12,737,521	7,512,759	−265,000 −15,600 (−12,737,521)	89,534 [a]2,734,065	21,034,060 −14,550,864	9,569,476	−265,000 −15,000 (−14,550,864)	57,169	22,275,060 −13,771,921	8,280,278	−265,000 −15,000 (−13,771,921)	

Schedule 4—SUMMARY OF FUND CONDITION BY FUNDS AS OF JUNE 30, 1962, JUNE 30, 1963, AND JUNE 30, 1964—Continued

Fund	Page reference	Accumulated surplus June 30, 1961	Actual income 1961-62	Actual expenditures 1961-62	Transfers between funds	Accumulated surplus June 30, 1962	Estimated income 1962-63	Estimated expenditures 1962-63	Transfers between funds	Accumulated surplus June 30, 1963	Estimated income 1963-64	Estimated expenditures 1963-64	Transfers between funds	Accumulated surplus June 30, 1964
SPECIAL FUNDS—Continued														
Fish and Game Preservation Fund	614	5,103,767	10,844,967	10,707,903		5,037,071	10,902,600	11,130,362		5,013,069	11,004,100	11,021,707		4,995,462
Highway Fund	869	75,408,644	3,458,584	321,941,124	+100,000 +352,217,345	[a]203,760 109,243,449	2,994,291	459,083,149	+367,467,607	[b]20,622,198	3,127,000	386,862,427	+383,477,036	[b]20,363,807
Highway Properties Rental Fund	873	556,039	516,369	654,856		[a]517,552	650,000	524,008		[a]543,544	500,000	550,000		[a]493,544
Highway Users Tax Fund	873			90,834,467	+360,909,568 +70,211,848 +11,930,396 −352,217,345			95,006,607	+378,120,302 +75,481,367 +8,872,545 −367,467,607			99,179,685	+394,010,971 +75,076,084 +13,569,666 −383,477,036	
Insurance Fund	603	2,067,387	2,474,092	2,208,700		2,000,000	2,371,135	2,586,191		1,784,944	2,638,900	2,682,834		1,741,010
Legislative Printing Fund	3	174,306	−332,779 −174,306		(−332,779) (−174,306)									
Motor Vehicle Fund	450	31,310,681	142,101,661	70,490,823	−70,211,848 −100,000	24,625,968 [a]7,983,703	148,537,500	81,305,594	−75,481,367	24,204,460 [a]155,750	152,258,000	78,463,864	−75,076,084	23,070,512 [a]7,750
Motor Vehicle Fuel Fund	311	31,603,883	364,218,731	2,289,865	−350,000 −360,909,568	32,272,562 [a]619	382,562,700	2,454,930	−350,000 −378,120,302	33,910,649	398,083,000	2,432,712	−350,000 −394,010,971	35,199,966
Motor Vehicle License Fee Fund	451	7,893,914	133,464,159	132,274,098		[a]9,083,975	142,335,232	141,976,809		[a]9,442,398	151,818,018	151,171,253		[a]10,089,163
Motor Vehicle Transportation Tax Fund	310	743,995	13,224,338	1,106,170	−11,930,396	931,767	14,036,000 −5,000,000	1,216,295	−8,872,545 (−5,000,000)	−121,073	15,036,000	1,202,354	−13,569,666	142,907
Osteopathic Examiners, Contingent Fund of the Board of	510	62,148	91,879	69,578		84,449	84,270	75,806		92,913	84,270	75,261		101,922
Peace Officers Training Fund	484	363,410	415,456	498,532		280,334	457,300	550,625		187,009	502,700	609,769		79,940
Petroleum and Gas Fund	689	135,457	826,193	807,617		154,033	791,116	856,831		88,318	892,912	881,230		100,000
Pilot Commissioners' Special Fund	512	28,362	30,861	23,766		35,457	30,600	28,737		37,320	30,975	28,619		39,676
Poultry Testing Project Fund	57	54,526	61,913	181,299 −110,852	(+110,852)	45,992	74,558	188,323 −102,822	(+102,822)	35,049	79,066	171,954 −62,839	(+62,839)	5,000
Professional and Vocations Fund:														
Accountancy	621	420,518	288,946	271,924		437,540	480,183	316,951		600,772	131,437	304,821		427,388
Architectural Examiners Fund	623	64,292	111,933	91,184		85,041	111,750	106,537		90,254	184,960	108,285		166,929
Athletic Commission Fund	524	19,119	12,001 −1,192	29,928	(−1,192)									
Barber Examiners Fund	526	46,413	229,730	202,030		74,113	240,865	224,613		90,365	394,862	233,231		251,996
Cemetery Fund	527	31,143	49,253	57,454		22,942	51,453	66,185		8,210	72,450	66,513		14,147
Contractors License Board Fund	533	1,021,055	1,528,291	1,213,640		1,335,706	1,589,945	1,587,581		1,338,070	3,197,735	1,518,609		3,017,196
Cosmetology Contingent Fund	535	176,264	487,912	412,566		251,610	976,983	476,101		752,492	354,656	477,642		629,506
Dentistry Fund	536	75,734	208,475	147,450		136,759	53,297	149,895		40,161	279,433	162,818		156,776
Dry Cleaners Fund	538	61,268	412,459	378,605		95,122	757,360	411,244		441,238	142,805	421,539		162,504
Funeral Directors and Embalmers Fund	539	43,729	62,114	76,378		29,465	167,298	87,639		109,124	11,516	87,610		33,030
Furniture and Bedding Inspection Fund	641	164,771	382,687	442,317		105,141	976,929	508,436		573,634	111,458	510,461		174,631
Landscape Architects Fund	543	30,486	33,681	21,708		42,459	2,000	26,374		18,085	33,075	26,380		24,780
Medical Examiners Contingent Fund	546	341,882	1,095,657	553,350		884,189	339,851	622,562		601,478	1,300,275	632,616		1,269,137
Board of Nursing Education and Nurse Registration Fund	548	260,871	438,651	381,484		318,038	473,150	472,533		318,655	504,250	486,244		336,661
Optometry Fund	650	18,958	60,899	48,659		21,198	129,052	61,106		89,144	9,398	69,169		39,373
Pharmacy Board Contingent Fund	551	108,029	405,335	365,594		147,770	412,795	405,958		154,607	508,536	417,709		245,434
Physical Therapy Fund	546	11,991	19,435	12,545		18,881	500	16,100		3,281	19,400	16,326		6,355
Private Investigator and Adjuster Fund	553	82,606	103,991	122,493		64 104	248 000	139 412		172,692	44 000	145 096		71,596
Professional Engineers Fund	530	172,420	361,368	370,274		163,514	581,711	392,359		352,866	212 099	422,683		142,282
Registered Social Workers Fund	656	21,683	25,383	33,098		13,968	35,500	34,140		15,328	52,718	35,998		32,048
Shorthand Reporters Fund	554	34,958	21,935	23,742		33,151	35,700	27,426		41,425	8,700	27,796		22,329

Schedule 4—SUMMARY OF FUND CONDITION BY FUNDS AS OF JUNE 30, 1962, JUNE 30, 1963, AND JUNE 30, 1964—Continued

Fund	Page reference	Accumulated surplus June 30, 1961	Actual income 1961-02	Actual expenditures 1961-02	Transfers between funds	Accumulated surplus June 30, 1962	Estimated income 1962-63	Estimated expenditures 1962-03	Transfers between funds	Accumulated surplus June 30, 1963	Estimated income 1963-64	Estimated expenditures 1963-54	Transfers between funds	Accumulated surplus June 30, 1964
SPECIAL FUNDS—Continued														
Professional and Vocations Fund—Continued														
Structural Pest Control Fund	557	10,131	243,028	193,724		60,035	288,084	279,259		68,860	295,261	290,019		74,102
Veterinary Examiners' Contingent Fund	559	24,522	28,427	32,942		20,007	30,035	38,104		11,938	60,675	37,905		34,648
Vocational Nurse Examiners Fund	561	28,988	160,568	129,976		59,580	198,372	140,505		117,357	45,305	125,351		37,401
Yacht and Ship Brokers Fund	562	43,157	22,825	20,241		45,741	23,265	25,338		43,668	23,265	20,066		40,807
Real Estate Education and Research Fund	506	1,233,887	420,865	382,445		1,272,307	507,326	639,174		1,140,459	533,051	640,863		1,026,647
Real Estate Fund	506	1,527,099	1,606,308	2,044,713		1,088,694	1,867,716	2,259,264		697,146	1,964,869	2,292,379		360,630
Redemption Tax Fund	304	723,275	—723,275		(—723,275)									
Savings and Loan Inspection Fund	508	524,791	1,233,054	988,644		769,201	1,411,400	1,258,592		922,009	1,473,425	1,207,873		1,007,501
Senate Contingent Fund	2	738,773		1,812,599		[a]726,674		2,130,700		[a]448,201		2,000,000		
				—1,800,500	(+1,800,500)			—1,852,227	(+1,852,227)			—1,551,799	(+1,551,799)	
State Beach and Park Fund	945	8,879,785	—8,879,785		(—8,879,785)									
State College Fund	773	152,627	—152,627		(—152,627)									
State Lands Act Fund	341	1,144,706	—1,144,706		(—1,144,706)									
State Fair Fund	334	—36,743	1,689,425	2,319,202	+265,000	—230,476	1,956,413	2,442,094	+265,000		1,932,600	2,470,377	+265,000	
				—171,044	(+171,044)			—451,157	(+451,157)			—278,777	(+278,777)	
State School Fund	909	147,984	3,460,253	3,350,950		257,287	3,544,382	3,800,000		1,669	3,539,743	3,500,000		141,412
State School Construction Fund	970	1,000,000				[a]1,000,000		168,613		[a]831,387		395,355		[a]130,032
Subsidence Abatement Fund	589	172,008	36,514	81,783		126,739	71,135	94,488		103,380	92,918	00,304		100,000
Transportation Rate Fund	571	1,201,993	3,745,694	3,031,254		1,916,433	3,768,027	3,310,422		2,374,038	3,781,250	3,344,364		2,810,924
Wildlife Restoration Fund	929	1,851,504	843,095	552,179		[a]2,142,480	825,000	981,539		[a]1,985,941	825,000	906,233		[a]1,904,708
Provision for Salary Increases	689											8,020,000		—8,920,000
Personal Services Not Elsewhere Reported	695											3,700,000		—3,700,000
TOTALS, SPECIAL FUNDS		$304,659,548	$722,987,642	$708,784,016		$229,180,421	$789,747,678	$940,798,124		$125,787,563	$784,026,681	$838,884,595		$91,017,185
						[a]$89,682,153				[a]$42,024,565				[a]$21,937,029
GRAND TOTALS, ALL STATE FUNDS		$366,400,431	$2,451,209,542	$2,406,218,003		$274,185,239	$2,635,099,431	$2,859,908,011		$129,400,895	$2,883,738,093	$2,945,027,761		$95,000,580
						[a]$137,260,731				[a]$57,230,495				[a]$30,353,142

[a] Unencumbered balance of continuing appropriations.
[b] Accumulated surplus adjusted for loan from the General Fund.

Schedule 5

STATEMENT OF BALANCES IN OTHER TREASURY FUNDS WHICH ARE NOT INCLUDED IN THE BUDGET TOTALS

Fund	Page Reference	Balance June 30, 1961				Balance June 30, 1962			
		Cash	Securities	Due from Surplus Money Investment Fund	Total	Cash	Securities	Due from Surplus Money Investment Fund	Total
WORKING CAPITAL AND REVOLVING FUNDS:									
Agriculture Building Fund	1079	$46,448			$46,448	$53,560			$53,560
Architecture Revolving Fund	1055	101,743,166			101,743,166	63,020,446			63,020,446
Ballot Paper Revolving Fund	1026	59,183			59,183	35,850			35,850
California Industries for the Blind Manufacturing Fund	1040	320,476			320,476	269,104			269,104
Correctional Industries Revolving Fund	1027	2,118,641			2,118,641	1,908,393			1,908,393
Highway Right of Way Acquisition Fund	873	2,533,015			2,533,015	2,697,528			2,697,528
Opportunity Work Centers Revolving Fund	1026	7,892			7,892	18,546			18,546
Old Age and Survivors Insurance Revolving Fund	1026	147,745			147,745	140,035			140,035
Printing Fund	1045	155,164			155,164				
Public Building Construction Fund	1077	1,005,990			1,005,990	69,804		$750,000	819,804
Purchasing Revolving Fund	1045	95,958			95,958				
Service Revolving Fund	1045					504,000			504,000
Soil Conservation Development Fund	1054	50,005			50,005	49,651			49,651
State Payroll Revolving Fund	1026	52,403,641			52,403,641	49,940,981			49,940,981
State Water Pollution Control Fund	1076	115,459			115,459	70,213			70,213
Surplus Educational Property Revolving Fund	1043	105,588			105,588	251,702			251,702
Surplus Money Investment Fund	1026	1,884,210	$218,458,291	$—218,500,000	1,842,501	187,244	$166,938,747	$—164,600,000	2,525,991
Water Rigbts Board Revolving Fund	1025	30,019			30,019	73,095			73,095
Water Resources Revolving Fund	1060	8,292,626			8,292,626	5,426,173			5,426,173
PUBLIC SERVICE ENTERPRISE FUNDS:									
San Francisco Harbor Funds:									
San Francisco Harbor Improvement Fund	1082	305,646		3,600,000	3,905,646	299,877		4,000,000	4,299,877
India Basin Sinking Fund	1026	2,274	6,921		9,195	1,984	7,893		9,877
San Francisco Seawall Sinking Fund No. 2	1026	10,576	8,977		19,553	10,798	8,907		19,705
San Francisco Seawall Sinking Fund No. 3	1026	11,701	10,972		22,673	11,585	10,887		22,472
San Francisco Seawall Sinking Fund No. 4	1026	85,198	199,819		285,017	83,410	198,794		282,204
San Francisco Seawall Fund No. 4	1026	65,342		200,000	265,342	29,293		100,000	129,293
San Francisco Seawall Fund No. 5	1026	13,942		16,600,000	16,613,942	47,769		15,800,000	15,847,769
Toll Bridge Funds:									
Carquinez Strait Bridges Construction Fund	1084	324,084	23,645,185		23,969,269	523,607	14,397,242		14,920,849
San Francisco-Oakland Bay Bridge Construction Fund	1083	78,532	894,930		973,462	22,054	496,545		518,599
San Francisco-Oakland Bay Bridge Toll Revenue Fund	1083	147,547	46,311,418		46,458,965	389,668	52,496,104		52,885,772
Southern Crossing Engineering Fund	1084	8,481	128,359		136,840	35,244	49,303		84,547
Toll Bridge Authority Revolving Fund	1026	50,000			50,000	50,000			50,000
San Pedro-Terminal Island Toll Bridge Construction Fund	1084	155,439	18,807,407		18,962,846	295,752	11,094,147		11,389,899
Other Utility Funds:									
College Auxiliary Enterprise Fund	1094	127,995			127,995	123,511			123,511
Compensation Insurance Fund	1095	812,713	102,895,780		103,708,493	1,046,244	113,938,349	500,000	115,484,593
Small Craft Harbors Revolving Fund	1012	1,727,092			1,727,092	2,262,882			2,262,882
State College Dormitory Revenue Fund	1094	900,657			900,657	738,118			738,118
Unemployment Compensation Disability Fund	1117	287,537	58,079,860		58,367,397	592,162	71,928,920		72,521,082
Veterans Farm and Home Building Fund of 1943	1098	787,253		91,000,000	91,787,253	996,314		42,000,000	42,996,314
BOND FUNDS:									
California Water Resources Development Bond Fund	956					178,316			178,316
Public School Building Loan Fund	974	325,491			325,491	33,669			33,669
State School Building Aid Fund	974	19,007,222			19,007,222	118,010,008			118,010,008
State Construction Program Fund	714	42,939,994			42,939,994	81,214,518			81,214,518
Small Craft Harbors Bond Fund	1011	241,348		2,500,000	2,741,348	213,271		3,000,000	3,213,271

Schedule 5—STATEMENT OF BALANCES IN OTHER TREASURY FUNDS WHICH ARE NOT INCLUDED IN THE BUDGET TOTALS—Continued

Fund	Page Reference	Balance June 30, 1961				Balance June 30, 1962			
		Cash	Securities	Due from Surplus Money Investment Fund	Total	Cash	Securities	Due from Surplus Money Investment Fund	Total
RETIREMENT FUNDS:									
Judges Retirement Fund	1099	6,094	2,183,387		2,189,481	42,002	1,961,598		2,003,600
Legislators' Retirement Fund	1100	15,245	390,848		406,093	21,456	406,607		428,063
State Employees Retirement Fund	1100	4,833,783	1,397,756,831		1,402,590,614	6,125,509	1,550,934,002		1,557,059,511
Teachers' Retirement Fund	1099	5,838,837	601,713,234		607,552,071	7,029,066	687,058,621		694,087,687
DEBT SERVICE FUNDS:									
Harbor Bond Sinking Fund	1011	1,744			1,744	2,070			2,070
Olympic Bond Fund	707	2,811	237,085		239,896	683	211,798		212,481
Sacramento State Building Interest and Sinking Fund	707	524	4,049,411		4,049,935	647	4,197,422		4,198,069
State College Dormitory Interest and Redemption Fund	1094	376	292,881		293,257	921	980,621		981,542
TRUST AND AGENCY FUNDS:									
Federal Funds:									
Central Valley Water Project Construction Fund	956					75,640			75,640
Public Health—Federal Fund	1025	801,248			801,248	881,817			881,817
Social Welfare—Federal Fund	1025	4,972,502			4,972,502	6,557,101			6,557,101
Unemployment Administration Fund	1117	6,868,049			6,868,049	7,261,452			7,261,452
Vocational Education—Federal Fund	1025	2,640,119			2,640,119	2,585,744			2,585,744
Vocational Rehabilitation—Federal Fund	1025	214,347			214,347	248,483			248,483
Other Trust and Agency Funds:									
Condemnation Deposit Fund	1026	8,057,757	19,121,550		27,179,307	11,946,711	23,246,591		35,193,302
Inmates Welfare Fund	1034	129,149			129,149	158,207			158,207
Medical Care Premium Deposits Fund	997	16,629,595			16,629,595	16,739,735			16,739,735
School Land Fund	1026	84,167	15,839,045	2,850,000	18,773,212	61,884	11,873,200	8,200,000	20,135,084
Special Deposit Fund	1026	5,734,307		5,000,000	10,734,307	11,256,956		1,350,000	12,606,956
State Employees Contingency Reserve Fund	1101					187,093	161,191		348,284
State Park Contingent Fund	1026	40,878			40,878	40,299			40,299
Tax Deeded Land Rental Trust Fund	1026	1,982			1,982	2,291			2,291
Unclaimed Property Fund	1026	167,375	4,298,344	150,000	4,615,719	79,493	4,286,043	400,000	4,765,536
Unemployment Fund	1117	65			65	12,702			12,702
TOTAL BALANCES IN OTHER TREASURY FUNDS		$296,572,244	$2,515,330,535	$—96,600,000	$2,715,302,779	$403,244,341	$2,716,883,532	$—88,500,000	$3,031,627,873
General Fund		*114,573,406*			*114,573,406*	*122,422,713*			*122,422,713*
Highway Fund and Motor Vehicle Funds		*38,361,501*	*112,545,901*	*37,000,000*	*187,907,402*	*19,757,633*	*92,682,040*	*38,350,000*	*151,289,673*
Other Special Funds		*21,300,604*	*123,350,222*	*59,600,000*	*204,250,826*	*20,768,800*	*101,554,214*	*49,650,000*	*171,973,014*
Treasurer's Trust Accounts		*54,900,771*			*54,900,771*	*60,155,685*			*60,155,685*
Uncleared Collections		*1,368,862*			*1,368,862*	*743,869*			*743,869*
Warrants Outstanding		*94,959,332*			*94,959,332*	*108,134,435*			*108,134,435*
Time Deposits in Banks[a]		*—157,967,000*	*157,967,000*			*—211,439,000*	*211,439,000*		
Pooled Money Account[a]		*—433,249,231*	*433,249,231*			*—487,262,211*	*487,262,211*		
TOTALS, STATE TREASURERS ACCOUNTABILITY		*$30,820,439*	*$3,342,442,939*		*$3,373,263,378*	*$36,476,265*	*$3,609,370,997*		*$3,646,347,262*

[a] Not identified as to fund.

Schedule 6

COMPARATIVE STATEMENT OF EXPENDITURES OF FEDERAL AID GRANTED TO THE STATE OF CALIFORNIA FOR THE FISCAL YEARS, 1961-62, 1962-63, AND 1963-64

Department	Page reference	Actual 1961-62	Estimated 1962-63	Estimated 1963-64
DEPARTMENT OF AGRICULTURE:				
Grants for Co-operative Market Research	41	$73,468	$85,414	$92,950
DEPARTMENT OF EDUCATION:				
Adult Education for Civil Defense	172	121,053	129,567	110,000
Civil Defense Planning	165	----------	8,028	11,646
National Defense Education:				
Loans to Students	249	2,083,585	1,800,000	1,800,000
Payment to School Districts, National Defense Education Program	978	3,587,343	3,745,177	3,757,875
Improvement of Guidance, Instruction and Statistical Services	174	526,453	524,450	511,752
Totals, National Defense Education		$6,197,381	$6,069,627	$6,069,627
Bureau of Vocational Education:				
Supervision and Teacher Training	197	$658,057	$903,318	$943,093
Reimbursement to School Districts	980	2,778,623	4,297,121	6,268,023
Totals, Bureau of Vocational Education		$3,436,680	$5,200,439	$7,211,116
Vocational Rehabilitation Section	203	$3,316,816	$3,730,621	$4,066,278
Disability Certification Program	203	1,889,230	2,065,312	2,121,192
School Lunch Program	979	6,173,006	6,200,000	6,200,000
Special Milk Program	980	8,300,614	8,500,000	8,700,000
Rural Library Service	178	253,796	220,356	236,032
Totals, Education		$29,688,576	$32,123,950	$34,725,891
DEPARTMENT OF EMPLOYMENT:				
Grants for Administration	1102	$47,306,828	$49,945,490	$54,365,484
Grants for Construction	809	3,894,067	2,817,505	—322,512
Totals, Employment		$51,200,895	$52,762,995	$54,042,972
HEALTH AND WELFARE:				
Department of Mental Hygiene:				
National Mental Health Act:				
Administration	366	$338,804	$428,148	$428,205
Program Augmentations	355	----------	----------	40,846
Outpatient Mental Hygiene Clinics	373	133,529	145,007	152,365
Construct and Equip Research Center	848	----------	507,780	----------
Totals, Mental Hygiene		$472,333	$1,080,935	$621,416
Department of Public Health:				
Grants for Public Health Services—State Operations	410	$2,326,937	$2,383,903	$2,535,865
Assistance to Local Health Departments—Local Assistance	985	1,671,564	1,939,000	1,939,000
Grants for Hospital Construction—Local Assistance	987	7,068,857	11,663,794	11,663,794
Grants for Care of Crippled Children—Local Assistance	983	239,731	184,731	184,731
Working drawings, site acquisition and construction of Cancer Research Facility, Berkeley	853	----------	1,180,000	----------
Totals, Public Health		$11,307,089	$17,351,428	$16,323,390
Department of Social Welfare[a]				
Assistance				
Aid to the Needy Blind				
Administration—State Operations	998	166,203	186,596	210,831
Administration—Local Assistance	998	778,341	737,000	729,300
Assistance—Local Assistance	989	6,393,277	6,625,900	6,641,800
Totals, Needy Blind		$7,337,821	$7,549,496	$7,581,931
Treatment or Operations to Prevent Blindness				
State Operations	998	$5,671	$960	$960

Schedule 6—COMPARATIVE STATEMENT OF EXPENDITURES OF FEDERAL AID—Continued

Department	Page reference	Actual 1961-62	Estimated 1962-63	Estimated 1963-64
HEALTH AND WELFARE—Continued				
Department of Social Welfare Assistance[a]—Continued				
Aid to Needy Children				
Administration—State Operations	998	$727,722	$837,466	$904,857
Administration—Local Assistance	998	13,455,704	15,511,500	17,097,500
Assistance—Local Assistance	990	77,678,644	80,511,900	87,087,200
Totals, Needy Children		$91,862,070	$96,860,866	$105,089,557
Aid to Needy Disabled				
Administration—State Operations	998	$360,217	$405,224	$451,825
Administration—Local Assistance	998	1,504,194	2,534,400	3,466,300
Assistance—Local Assistance	991	8,592,116	15,438,300	21,543,000
Totals, Needy Disabled		$10,456,527	$18,377,924	$25,461,125
Old Age Security				
Administration—State Operations	998	$539,476	$607,237	$648,905
Administration—Local Assistance	998	10,219,212	10,867,700	11,246,800
Assistance—Local Assistance	991	146,600,461	162,136,800	170,111,600
Totals, Old Age Security		$157,359,149	$173,611,737	$182,007,305
Medical Assistance for the Aged				
Administration—State Operations	999	$88,186	$140,603	$152,988
Administration—Local Assistance	999	564,319	2,045,200	2,247,100
Assistance—Local Assistance	992	9,601,716	36,984,556	46,460,000
Totals, Medical Assistance for Aged		$10,254,221	$39,170,359	$48,860,088
TOTALS, ASSISTANCE		$277,275,459	$335,571,342	$369,000,966
Local Administration:				
Training—Local Assistance	994	$76,929	$535,000	$661,385
Child Welfare Services				
State Operations	999	515,863	204,000	394,000
Local Assistance	995	140,072	241,000	392,234
Totals, Child Welfare Services		$655,935	$445,000	$786,234
Special Projects—Local Assistance	995	$122,532	$1,282,769	$1,282,769
TOTALS, LOCAL ADMINISTRATION		$855,396	$2,262,769	$2,730,388
Totals, Department of Social Welfare		$278,130,855	$337,834,111	$371,731,354
TOTALS, HEALTH AND WELFARE		$289,910,277	$356,266,474	$388,676,160
HIGHWAY TRANSPORTATION:				
Division of Highways:				
Grants for State Highways	868	$265,106,390	$277,415,417	$296,721,250
Grants for County Roads and Access Highways	1000	8,428,072	14,154,313	8,884,750
Totals, Highway Transportation		$273,534,462	$291,569,730	$305,606,000
MILITARY DEPARTMENT:				
Grants for Construction of Armories	917	$315,245	$470,000	----------
RESOURCES:				
Department of Fish and Game:				
Game Management	607	$588,470	$649,575	$642,096
Fisheries Management	608	236,027	319,650	317,025
Totals, Department of Fish and Game		$824,497	$969,225	$959,121
Department of Conservation:				
Grants for Forest Fire Protection Co-operation	573	1,194,000	1,155,000	1,155,000
Department of Water Resources:				
Grant for Research in Water Pollution Control	677	267,746	276,500	276,500
Totals, Resources		$2,286,243	$2,400,725	$2,390,621

Schedule 6—COMPARATIVE STATEMENT OF EXPENDITURES OF FEDERAL AID—Continued

Department	Page reference	Actual 1961-62	Estimated 1962-63	Estimated 1963-64
DEPARTMENT OF VETERANS' AFFAIRS:				
Veterans' Home:				
Grants for Care and Maintenance of Veterans	685	$1,637,776	$1,663,102	$1,665,312
MISCELLANEOUS:				
Planning grants for local jurisdictions	1021	$290,296	$377,385	$452,860
Site Development Plan	311		376,636	607,261
Totals, Miscellaneous		$290,296	$754,021	$1,060,121
SHARED REVENUES:				
Federal Receipts from Flood Control Land	1022	$174,299	$84,269	$85,000
Federal Receipts from Forest Reserves	1022	2,693,001	3,140,688	3,141,000
Federal Receipts from Grazing Lands	1022	47,524	44,368	45,000
Federal Potash Lease Rentals	1022	356,096	362,843	365,000
Totals, Shared Revenues		$3,270,920	$3,632,168	$3,636,000
TOTALS		$652,208,158	$741,728,579	$791,896,027

[a] Includes Welfare Study Commission.

Schedule 7

SUMMARY OF PROPOSED EXPENDITURES BY METHOD OF APPROPRIATIONS FOR THE FISCAL YEAR 1963-64

Function	Proposed Budget Act of 1963			Fixed Charges and Continuing Appropriations			Prior Year Appropriations and Reappropriations			Total Expenditures
	General Fund	Special Funds	Total	General Fund	Special Funds	Total	General Fund	Special Funds	Total	
STATE OPERATIONS										
CURRENT EXPENSES:										
Legislative	$6,031,925		$6,031,925	$720,000		$720,000		$829,455	$829,455	$7,581,380
Judicial	3,347,685		3,347,685	37,968		37,968				3,385,653
Executive	2,149,753		2,149,753							2,149,753
General Administration	4,068,411		4,068,411							4,068,411
Agriculture	11,216,430	$8,518,019	19,734,449		$556,800	556,800				20,291,249
Corrections	86,610,147		86,610,147							86,610,147
Education	16,320,259		16,320,259							16,320,259
Higher Education	263,150,895	260,000	263,410,895							263,410,895
Employment		371,656	371,656							371,656
Fiscal Affairs	41,129,652	5,719,765	46,849,417		3,243,100	3,243,100				50,092,517
Health and Welfare	174,333,347		174,333,347				$526,543		526,543	174,859,890
Highway Transportation	102,383	$1,145,088	81,247,471		65,223,783	65,223,783				146,471,254
Industrial Relations	15,594,943	115,269	15,710,212							15,710,212
Justice	10,175,392	74,531	10,249,923							10,249,923
Military Affairs	3,039,361		3,039,361							3,039,361
Regulation and Licensing	11,574,383	18,136,236	29,710,619							29,710,619
Resources	49,209,453	12,073,022	61,282,475							61,282,475
Veterans Affairs	7,255,594		7,255,594							7,255,594
Provision for Salary Increases	21,830,000	8,920,000	30,750,000							30,750,000
Reserve for Contingencies	1,000,000		1,000,000							1,000,000
Miscellaneous	11,755,683	3,723,133	15,478,816		750,000	750,000	—1,018,000		—1,018,000	15,210,816
DEBT SERVICE				26,975,171		26,975,171				26,975,171
Credits for Overhead Charges to Special Fund Agencies	—5,600,000		—5,600,000							—5,600,000
Estimated Unidentified Savings	—8,000,000		—8,000,000							—8,000,000
TOTALS, STATE OPERATIONS	$726,295,696	$139,056,719	$865,352,415	$27,733,139	$69,773,683	$97,506,822	—$491,457	$829,455	$337,998	$963,197,235

Schedule 7—SUMMARY OF PROPOSED EXPENDITURES BY METHOD OF APPROPRIATIONS FOR THE FISCAL YEAR 1963-64—Continued

Function	Proposed Budget Act of 1963			Fixed Charges and Continuing Appropriations			Prior Year Appropriations and Reappropriations			Total Expenditures
	General Fund	Special Funds	Total	General Fund	Special Funds	Total	General Fund	Special Funds	Total	
CAPITAL OUTLAY										
Agriculture	$129,785		$129,785							$129,785
Corrections	1,420,611		1,420,611							1,420,611
Education	57,227		57,227							57,227
Higher Education:										
University of California	1,953,600		1,953,600							1,953,600
State College System	1,101,214		1,101,214							1,101,214
Maritime Academy	148,375		148,375							148,375
Employment		$633,380	633,380					—$365,543	—$365,543	267,837
Fiscal Affairs	1,157,660		1,157,660		$1,734,399	$1,734,399	$139,916	145,126	285,042	3,177,101
Health and Welfare	1,076,380		1,076,380							1,076,380
Highway Transportation		4,079,502	4,079,502		270,130,834	270,130,834		1,323,000	1,323,000	275,533,336
Military Department	177,715		177,715							177,715
Resources	7,058,044	81,600	7,139,644		828,771	828,771	25,000	36,526,184	36,551,184	44,519,599
Veterans' Affairs	82,750		82,750							82,750
Unallocated, Project Planning, and Miscellaneous Repairs and Improvements	225,000		225,000							225,000
TOTALS, CAPITAL OUTLAY	$14,588,361	$4,794,482	$19,382,843		$272,694,004	$272,694,004	$164,916	$37,628,767	$37,793,683	$329,870,530
LOCAL ASSISTANCE										
For Corrections	$3,798,575		$3,798,575							$3,798,575
For Education	65,731,461		65,731,461	$880,108,609	$3,720,000	$883,828,609		$395,355	$395,355	949,955,425
For Health and Welfare	44,394,200		44,394,200	315,365,500		315,365,500	$1,067,858		1,067,858	360,827,558
For Highway Transportation		$175,000	175,000		10,400,500	10,400,500		95,705	95,705	10,671,205
For Resources	15,564,722		15,564,722				4,860,701		4,860,701	20,425,423
For Other Purposes	6,689,600	535,238	7,224,838	456,960	3,159,294	3,616,254	—185,675		—185,675	10,655,417
For Shared Revenues					295,626,393	295,626,393				295,626,393
TOTALS, LOCAL ASSISTANCE	$136,178,558	$710,238	$136,888,796	$1,195,931,069	$312,906,187	$1,508,837,256	$5,742,884	$491,060	$6,233,944	$1,651,959,996
GRAND TOTALS, EXPENDITURES	$877,062,615	$144,561,439	$1,021,624,054	$1,223,664,208	$655,373,874	$1,879,038,082	$5,416,343	$38,949,282	$44,365,625	$2,945,027,761

Schedule 8

COMPARATIVE STATEMENT OF FIXED CHARGES AND CONTROLLABLE EXPENDITURES FOR THE FISCAL YEARS 1961-62, 1962-63, 1963-64

Purpose and legal citation	Actual 1961-62			Estimated 1962-63			Estimated 1963-64		
	General Fund	Special Funds	Total	General Fund	Special Funds	Total	General Fund	Special Funds	Total
FIXED CHARGES									
FIXED BY CONSTITUTION:									
Legislative:									
Salaries of State Legislators									
Section 2 (b), Article IV	$704,320		$704,320	$720,000		$720,000	$720,000		$720,000
Debt Service:									
Bond Interest and Redemption									
Various Bond Acts Ratified in the Constitution	16,476,370		16,476,370	23,644,263		23,644,263	26,975,171		26,975,171
Public School Buildings Bonds Ratified in the Constitution	26,401,156		26,401,156	37,015,783		37,015,783	40,544,275		40,544,275
TOTALS, CONSTITUTIONAL FIXED CHARGES	$43,581,846		$43,581,846	$61,380,046		$61,380,046	$68,239,446		$68,239,446
FIXED BY STATUTES:									
Agriculture:									
Dairy Council of California									
Section 746.3, Agriculture Code		$472,540	$472,540		$555,274	$555,274		$556,800	$556,800
Education:									
Apportionment to Public Schools									
Sections 6916, 17301, 17451-17456, 18251, 18303, 20211 and 6421-6434 Education Code	$714,009,465	3,418,015	717,427,480	761,183,955	3,901,811	765,085,766	839,564,334	3,720,000	843,284,334
Fiscal Affairs:									
District Agricultural Fairs									
Sections 19622 and 19627, Business and Professions Code—State Operations		3,218,200	3,218,200		3,211,700	3,211,700		3,243,100	3,243,100
Section 19630, Business and Professions Code and Section 88, Agricultural Code—Capital Outlay		1,619,290	1,619,290		2,734,019	2,734,019		1,734,399	1,734,399
County Agricultural Fairs									
Sections 19622, 19626, 19627, and 19630, Business and Professions Code and Section 25903, Government Code		2,207,131	2,207,131		3,105,700	3,105,700		2,814,700	2,814,700
Health and Welfare:									
Aid to Needy Blind									
Section 3025, Welfare and Institutions Code	7,406,377		7,406,377	7,797,300		7,797,300	7,852,100		7,852,100
Section 4552, Welfare and Institutions Code	1,524,245		1,524,245	1,614,100		1,614,100	1,685,200		1,685,200
Aid to Potentially Self-Supporting Blind									
Section 3420, Welfare and Institutions Code	384,995		384,995	456,300		456,300	474,800		474,800
Section 4552, Welfare and Institutions Code	47,430		47,430	48,600		48,600	56,300		56,300
Aid to Needy Children									
Section 1510, Welfare and Institutions Code	69,503,928		69,503,928	72,390,000		72,390,000	85,071,200		85,071,200
Section 4552, Welfare and Institutions Code	7,809,573		7,809,573	7,006,200		7,006,200	8,505,200		8,505,200

Schedule 8—FIXED CHARGES AND CONTROLLABLE EXPENDITURES—Continued

Purpose and legal citation	Actual 1961-62			Estimated 1962-63			Estimated 1963-64		
	General Fund	Special Funds	Total	General Fund	Special Funds	Total	General Fund	Special Funds	Total
FIXED CHARGES—Continued									
FIXED BY STATUTES—Continued									
Health and Welfare—Continued									
Aid to Needy Disabled									
Section 4026, Welfare and Institutions Code	$8,595,209		$8,595,209	$15,260,600		$15,260,600	$22,503,200		$22,503,200
Section 4552, Welfare and Institutions Code	2,059,485		2,059,485	4,086,300		4,086,300	5,379,700		5,379,700
Old Age Security									
Section 2021, Welfare and Institutions Code	121,146,366		121,146,366	139,639,500		139,639,500	147,015,500		147,015,500
Section 4552, Welfare and Institutions Code	12,803,788		12,803,788	11,717,600		11,717,600	13,574,300		13,574,300
Medical Assistance for the Aged									
Section 4750, Welfare and Institutions Code				4,653,930		4,653,930	23,248,000		23,248,000
Highway Transportation:									
State Highways									
Section 183, Streets and Highways Code, Section 5323, Business and Professions Code and Sections 20752, 20783 and 22829, Government Code—State Operations		$59,175,688	59,175,688		$68,502,646	68,502,646		$65,223,783	65,223,783
Section 183, Streets and Highways Code—Capital Outlay		219,496,306	219,496,306		340,954,084	340,954,084		270,130,834	270,130,834
Sections 2210.5 and 143.3, Streets and Highways Code—Local Assistance		4,776,959	4,776,959		5,630,328	5,630,328		5,400,500	5,400,500
Section 190, Streets and Highways Code—Local Assistance		3,303,419	3,303,419		4,286,056	4,286,056		5,000,000	5,000,000
Resources:									
Small Craft Harbors									
Section 8352(g), Revenue and Taxation Code—State Operations		750,000	750,000		750,000	750,000		750,000	750,000
Wildlife Conservation Board									
Section 1352, Fish and Game Code—Capital Outlay		484,589	484,589		894,819	894,819		828,771	828,771
Miscellaneous and Other Purposes:									
Contribution to Judges' Retirement Fund, Section 75101, Government Code:									
Justices and Judges of Supreme and Appellate Courts—State Operations	24,938		24,938	37,968		37,968	37,968		37,968
Judges of Superior and Municipal Courts—Local Assistance	303,007		303,007	456,960		456,960	456,960		456,960
County Airports									
Section 8352, Revenue and Taxation Code—Local Assistance		332,762	332,762		352,238	352,238		344,594	344,594

Schedule 8—FIXED CHARGES AND CONTROLLABLE EXPENDITURES—Continued

Purpose and legal citation	Actual 1961-62			Estimated 1962-63			Estimated 1963-64		
	General Fund	Special Funds	Total	General Fund	Special Funds	Total	General Fund	Special Funds	Total
FIXED CHARGES—Continued									
Shared Revenues:									
Apportionment of Liquor License Fees									
Section 25761, Business and Professions Code		$9,493,108	$9,493,108		$11,297,493	$11,297,493		$10,634,000	$10,634,000
Apportionment of Motor Vehicles License Fees (In Lieu Tax)									
Sections 11003.3, and 11005, Revenue and Taxation Code		127,917,857	127,917,857		136,865,000	136,865,000		145,770,000	145,770,000
Apportionment of Highway Properties Rental Receipts									
Section 104.10, Streets and Highways Code		554,856	554,856		524,008	524,008		550,000	550,000
Apportionment of Motor Vehicles Fuel Taxes to Counties									
Sections 2105 and 2106, Streets and Highways Code		77,401,643	77,401,643		81,068,235	81,068,235		84,339,765	84,339,765
Apportionment of Motor Vehicle Registration and Weight Fees									
Section 2104, Streets and Highways Code		13,432,824	13,432,824		13,938,372	13,938,372		14,839,920	14,839,920
Apportionment of Motor Vehicles Fuel Taxes to Cities									
Sections 194, 2107, and 2107.5, Streets and Highways Code		34,664,769	34,664,769		38,116,548	38,116,548		39,492,708	39,492,708
TOTALS, STATUTORY FIXED CHARGES	$945,618,806	$562,719,956	$1,508,338,762	$1,026,349,313	$716,688,331	$1,743,037,644	$1,155,424,762	$655,373,874	$1,810,798,636
TOTALS, FIXED CHARGES	$989,200,652	$562,719,956	$1,551,920,608	$1,087,729,359	$716,688,331	$1,804,417,690	$1,223,664,208	$655,373,874	$1,879,038,082
State Operations	*$17,205,628*	*$63,616,428*	*$80,822,056*	*$24,402,231*	*$73,019,620*	*$97,421,851*	*$27,733,139*	*$69,773,683*	*$97,506,822*
Capital Outlay		*221,600,185*	*221,600,185*		*344,582,922*	*344,582,922*		*272,694,004*	*272,694,004*
Local Assistance	*971,995,024*	*277,503,343*	*1,249,498,367*	*1,063,327,128*	*299,085,789*	*1,362,412,917*	*1,195,931,069*	*312,906,187*	*1,508,837,256*
CONTROLLABLE EXPENDITURES									
Expenditures from appropriations and authorizations which are subject to legislative or executive determinations, including Budget Act appropriations, special appropriations, balances available in prior year appropriations made available for expenditure for more than one fiscal year, and deficiency authorizations.									
State Operations	$589,962,985	$108,173,978	$698,136,963	$665,435,713	$123,390,334	$788,826,047	$725,804,239	$139,886,174	$865,690,413
Capital Outlay	16,787,566	37,238,390	54,025,956	32,119,002	98,021,096	130,140,098	14,753,277	42,423,249	57,176,526
Local Assistance	101,482,184	652,292	102,134,476	133,825,813	2,698,363	136,524,176	141,921,442	1,201,298	143,122,740
TOTAL, CONTROLLABLE EXPENDITURES	$708,232,735	$146,064,660	$854,297,395	$831,380,528	$224,109,793	$1,055,490,321	$882,478,958	$183,510,721	$1,065,989,679
GRAND TOTALS, EXPENDITURES	$1,697,433,387	$708,784,616	$2,406,218,003	$1,919,109,887	$940,798,124	$2,859,908,011	$2,106,143,166	$838,884,595	$2,945,027,761

Schedule 9

Expenditures for the 1961-62 and 1962-63 Fiscal Years—RECONCILIATION OF THE CHANGES FROM THE PREVIOUS BUDGET ESTIMATES

	1961-62 Fiscal Year			1962-63 Fiscal Year								
	Estimated Expenditures 1962-63 Budget	Savings	Actual Expenditures	1962-63 Budget as Submitted	Effect of Legislative Action	Total Proposed Expenditures	Prior Year Balance Forward Adjustments	Transfers Between Functions	Allocations[a]	Retirement and Health and Welfare Adjustments	Estimated Savings	Estimated Expenditures
GENERAL FUND												
STATE OPERATIONS												
Legislative	$7,685,818	—$924,970	$6,701,142	$7,498,061	$1,375,395	$8,874,029	$6,412		$48,839	$10,340	—$9,907	$8,929,710
Judicial	3,074,240	—57,313	3,019,927	3,159,489	20,414	3,179,903			93,790	19,997	—17,604	3,273,059
Executive	2,059,393	—45,901	2,010,792	2,157,944	—51,709	2,106,244			130,254	—11,195	—7,392	2,217,941
General Administration	3,550,519	—3,696	3,546,913	3,927,040	—19,652	3,907,388			329,014	56,169	—27,026	4,265,545
Agriculture	9,959,193	—557,775	9,411,418	9,977,407	89,957	10,057,364	5,740		813,093	199,510	—186,071	10,869,636
Corrections	68,833,029	—1,922,499	67,210,527	78,480,854	—613,072	77,867,782			3,243,158	379,292	—1,330,609	80,159,523
Education	13,918,278	—281,895	13,636,383	14,409,150	—27,780	14,381,370			920,114	105,433	—72,686	15,334,231
Higher Education	213,243,590	1,631,391	214,874,951	233,850,375	—826,636	233,029,739	20,941		11,301,482	1,105,769	—181,848	245,277,083
Fiscal Affairs	39,425,494	—129,592	36,298,992	37,909,417	—86,792	37,819,525		$63,548	2,356,473	230,072	—273,589	40,195,129
Health and Welfare	152,633,550	—2,559,189	150,074,361	190,980,124	527,040	161,513,164	745,395	5,100	8,117,475	985,127	—2,585,912	158,780,349
Highway Transportion	270,839	—17,124	253,715	210,447	—4,561	205,886	2,511	—91,048	15,449	—395	—2,540	159,853
Industrial Relations	12,672,322	—190,899	12,511,456	13,840,280	—158,153	13,688,127			714,090	80,339	—39,323	14,443,233
Justice	8,551,193	—317,955	8,233,538	8,776,325	106,687	8,883,012			622,984	101,915	—151,027	9,456,885
Military Affairs	2,828,298	—19,063	2,812,235	2,980,308	—119,241	2,861,154			94,050	13,763	—8,684	2,960,283
Regulation and Licensing	10,527,834	—350,497	10,167,337	10,794,620	—139,615	10,555,005			646,106	105,618	—151,025	11,255,704
Resources	45,557,944	—1,188,101	44,369,843	44,459,980	—413,219	44,955,454	140,084		3,346,036	143,507	—370,344	47,315,747
Veterans Affairs	7,942,077	—217,211	6,824,866	7,122,714		7,122,714			237,552	35,036	—130,250	7,265,052
Provision for Salary Increases	7,243,332	—7,243,332		28,439,625	5,488,825	33,928,450	803,294		—31,177,282	—2,004,745	—1,549,717	
Reserves for Contingencies	161,565	—191,595		1,090,090		1,090,090			—598,749			491,251
Miscellaneous	4,235,715	—911,778	3,323,937	5,100,409	12,848	5,113,257	13,483	—2,590		7,899	—889,779	4,242,350
Debt Service	16,476,459	—89	15,476,370	23,994,253		23,694,263					—50,009	23,644,263
Pro Rata General Administrative Charges	—5,109,090	453,090	—4,647,090	—5,410,090		—5,410,909					—290,090	—5,700,000
Estimated Unidentified Savings	—3,090,900	3,090,009		—6,000,090	—2,090,000	—8,090,900					3,090,900	—5,090,000
Totals, State Operations	$618,857,979	—$11,589,969	$607,168,513	$687,384,222	$3,150,715	$690,544,937	$1,737,850	$5,190	$1,343,928	$1,531,422	—$5,325,393	$689,837,944
CAPITAL OUTLAY												
Agriculture	$6,944	$9,545	$16,489	$79,050		$79,050	$5,441	—$5,441	$2,550			$81,600
Corrections	5,585,241	—2,343,437	3,341,804	810,582	$50,090	850,582	2,247,812	—49,983	48,009		—$50,090	3,056,411
Education	209,132	—14,021	195,111	110,137		110,137	—19,633	—1,291	1,291		30,800	121,304
Higher Education	9,087,255	—5,543,331	3,443,925	3,241,405	—150,000	3,091,405	5,771,189	—1,667,235	1,875,168		—560,898	8,509,629
Fiscal Affairs	825,849	—1,681,442	—855,593	9,652		9,552	1,735,456	—374,613	7,250		—476,475	902,279
Health and Welfare	3,877,599	—2,130,423	1,747,176	1,327,500		1,327,000	2,109,837	—697,915	11,250		—23,100	2,727,671
Military Affairs	782,739	—283,249	499,490	858,800		858,809	282,189	—1,300	42,487		—524,528	557,648
Resources	15,052,387	—7,088,220	7,964,167	9,584,893	382,600	9,967,493	6,186,672	—822,704	667,354		—25,000	15,973,815
Veterans Affairs	64,199	—36,802	27,397	2,700		2,709	27,393		8,490			38,493
Unallocated Project Planning and Miscellaneous Repairs and Improvements	890,900	—392,400	407,600	100,090		100,000	5,702		44,450			150,152
Unallocated, Price Augmentation								3,621,483	—2,648,913		—972,570	
Totals, Capital Outlay	$36,391,346	—$19,503,780	$15,787,556	$10,124,829	$282,690	$16,407,429	$18,354,058		$59,287		—$2,701,772	$32,119,002

Schedule 9

Expenditures for the 1961-62 and 1962-63 Fiscal Years—RECONCILIATION OF THE CHANGES FROM THE PREVIOUS BUDGET ESTIMATES—Cont.

	1961-52 Fiscal Year			1962-63 Fiscal Year								
	Estimated Expenditures 1952-63 Budget	Savings	Actual Expenditures	1962-63 Budget as Submitted	Effect of Legislative Action	Total Proposed Expenditures	Prior Year Balance Forward Adjustments	Transfers Between Functions	Allocations[a]	Retirement and Health and Welfare Adjustments	Estimated Savings	Estimated Expenditures
LOCAL ASSISTANCE												
Corrections	$2,803,788	—$35,407	$2,768,381	$3,206,230	—$360,006	$2,900,230	—$24,575		$229,320			$3,104,975
Education	801,049,949	—2,391,623	798,658,326	858,933,947	4,572,397	863,506,344			5,834	$4,026	—$2,226,737	861,290,007
Health and Welfare	263,924,819	—2,637,277	261,287,542	321,966,474	30,065	321,996,539	1,677,588	—$5,160	2,119,683	34,576	—20,988,225	304,836,061
Resources	10,822,497	—4,635,893	6,185,604	24,273,345	272,790	24,546,135	4,114,607				—5,664,391	23,105,751
Other Purposes	4,682,730	—166,375	4,576,355	4,718,834	136,366	4,855,206	10,155				—48,268	4,817,087
Totals, Local Assistance	$1,083,283,783	—$9,806,575	$1,073,477,208	$1,213,092,830	$4,711,518	$1,217,864,448	$5,777,175	—$5,100	$2,364,837	$39,202	—$28,817,621	$1,197,152,941
Totals, General Fund Expenditures	$1,738,532,808	—$41,099,421	$1,697,433,387	$1,915,601,881	$8,154,933	$1,924,755,814	$25,869,093		[a]$3,758,052	$1,570,624	—$36,841,696	$1,919,109,887
SPECIAL FUNDS												
STATE OPERATIONS												
Legislative	$331,602	—$460,114	—$128,512	$647,773		$647,773	$460,155				—$829,455	$278,473
Agriculture	8,209,184	—311,575	7,897,609	8,252,563		8,252,563	37,335		$644,689	$82,274	—51,756	8,965,106
Higher Education	277,773	—70,811	206,962	260,060		260,060	64,468					314,468
Employmnet	224,885	26,283	251,168	250,588		250,588			28,825	272	—59	279,626
Fiscal Affairs	8,785,559	—219,530	8,566,039	8,530,771		8,530,771	493,400		307,041	11,748	—509,956	8,773,004
Health and Welfare		29	29									
Highway Transportation	128,985,737	—1,528,232	127,457,505	137,340,963	—$64,414	137,276,549	5,092,470		4,053,089	840,366	—143,300	147,119,174
Industrial Relations	90,700	1,778	92,478	91,030		91,030			7,954	146		99,130
Justice	59,261	—10,330	48,931	56,569		56,569	1,213		3,074	19		60,875
Regulation and Licensing	15,693,281	—420,475	15,272,866	16,797,601	2,180	10,799,787			1,012,409	79,471	—101,986	17,780,681
Resources	11,397,329	—225,813	11,171,516	11,405,617	8,560	11,414,117	37,507		599,428	15,620	—100,845	11,965,833
Provision for Salary Increases	3,168,470	—3,168,470		11,376,890	1,876,960	13,253,850			—5,658,341	—898,574	—6,690,936	
Miscellaneous	954,362	—487	953,875	760,091	4,493	764,584						764,584
Totals, State Operations	$178,178,153	—$6,387,747	$171,790,406	$195,770,466	$1,827,725	$197,598,181	$6,176,549		$998,108	$131,348	—$8,494,292	$196,409,964
CAPITAL OUTLAY												
Agriculture		$1,695	$1,095									
Employment	—$272,305	—260,658	—532,963	$39,862	$28,306	$68,162	$136,100				—$204,765	—$603
Fiscal Affairs	3,641,450	—1,888,170	1,753,280	1,539,203		1,539,203	1,309,596				197,110	3,045,915
Highway Transportation	317,948,336	—90,352,023	227,586,313	261,913,572	3,469,780	265,323,352	86,281,560		$2,500		—212,595	361,304,817
Resources	45,887,787	—15,857,537	30,030,260	67,445,388	—160,606	67,285,388	42,156,061		9,060		—21,286,660	88,163,789
Totals, Capital Outlay	$357,205,268	—$108,366,693	$258,838,575	$330,938,025	$3,278,080	$334,216,105	$129,883,317		$11,500		—$21,606,964	$442,604,018

Schedule 9

Expenditures for the 1961-62 and 1962-63 Fiscal Years—RECONCILIATION OF THE CHANGES FROM THE PREVIOUS BUDGET ESTIMATES—Cont.

	1961-62 Fiscal Year			1962-63 Fiscal Year								
	Estimated Expenditures 1962-63 Budget	Savings	Actual Expenditures	1962-63 Budget as Submitted	Effect of Legislative Action	Total Proposed Expenditures	Prior Year Balance Forward Adjustments	Transfers Between Functions	Allocations[a]	Retirement and Health and Welfare Adjustments	Estimated Savings	Estimated Expenditures
SPECIAL FUNDS—Continued												
LOCAL ASSISTANCE												
Education	$3,800,000	—$381,985	$3,418,015	$4,050,000		$4,050,000	$101,811				—$81,387	$4,070,424
Highway Transportation	11,206,627	—2,895,399	8,311,228	11,014,500		11,014,500	11,533				—809,649	10,216,384
Resources	—474,000	522,262	48,262	—138,415		—138,415	100,000				38,415	
Other Purposes	3,962,373	—1,049,300	2,913,073	3,280,655		3,280,655	1,217,726				1,189,307	5,687,688
Shared Revenues	266,847,101	—3,382,044	263,465,057	282,854,954		282,854,954					—1,045,298	281,809,656
Totals, Local Assistance	$285,342,101	—$7,186,466	$278,155,635	$301,061,694		$301,061,694	$1,431,070				—$708,612	$301,784,152
TOTALS, SPECIAL FUNDS	$830,725,522	—$121,940,906	$708,784,616	$827,770,175	$5,105,805	$832,875,980	$137,490,936		$1,009,668	$131,348	—$30,709,808	$940,798,124
GRAND TOTALS, ALL FUNDS	$2,569,258,330	—$163,040,327	$2,406,218,003	$2,744,372,056	$13,260,738	$2,757,632,794	$163,360,029		$4,767,720	$1,701,972	—$67,554,504	$2,859,908,011

a Includes proposed deficiency appropriations: Reserve for contingencies, $1,500,000; assistance for counties for care of crippled children, $1,788,527; assistance to local agencies for mental health services, $250,000; maintenance of juvenile homes and camps, $229,320.

Schedule 10

STATEMENT OF BONDED DEBT OF THE STATE OF CALIFORNIA AS OF NOVEMBER 30, 1962

This statement does not include bonds issued under authority of state instrumentalities such as the Toll Bridge Authority, Water Project Authority, Board of Harbor Commissions, World Trade Center Authority, State Colleges, and the University of California, as these bonds are not general obligations of the State.

Name of issue	Rate of interest	Date of maturity	Authorized	Unsold	Redemptions	Outstanding	Amounts in sinking funds for payment of principal
GENERAL OBLIGATION BONDS							
GENERAL FUND BONDS							
Sacramento State Buildings of 1913	4%	7/2/1965	$3,000,000			[1]$3,000,000	$3,000,000
San Francisco State Buildings of 1913	4%	7/2/1916–65	1,000,000		$940,000	60,000	
State University Buildings of 1915	4½%	1/5/1921–65	1,800,000		1,680,000	120,000	
State Buildings and University Buildings of 1925	4–4½%	1/2/1932–65	8,500,000		7,750,000	750,000	
California Tenth Olympiad of 1927	4½%	1/2/1932–71	1,000,000		775,000	225,000	216,313
Third Highway of 1919	4¼–5¾%	7/3/1926–65	40,000,000		37,000,000	[2]3,000,000	
State School Building of 1949	1–4½%	5/1/1952–11/1/78	250,000,000		86,300,000	163,700,000	[3]
State School Building Aid of 1952	¼–5%	5/1/1955–1982	165,000,000		35,500,000	129,500,000	
State School Building Aid of 1954	3¼–5%	5/1/1959–3/1/84	100,000,000		12,400,000	87,600,000	
State School Building Aid of 1956	1–5%	9/1/1960–3/1/85	100,000,000		8,000,000	92,000,000	
State School Building Aid of 1958	3–5%	9/1/1961–3/1/87	220,000,000		5,600,000	214,400,000	
State School Building Aid of 1960	1/10–5%	9/1/1963–11/1/88	300,000,000	$100,000,000		200,000,000	
State School Building Aid of 1962			200,000,000	200,000,000			
State School Building Aid (Chapter 104, Statutes of 1958, First Extraordinary Session)			20,000,000	[4]20,000,000			
State Construction Program Bond Act of 1955	3¼–5%	12/1/1959–6/1/85	200,000,000		14,400,000	185,600,000	
State Construction Program Bond Act of 1958	1/10–5%	7/1/1962–7/1/87	200,000,000	50,000,000	1,600,000	148,400,000	
State Construction Program Bond Act of 1962			270,000,000	270,000,000			
Totals			$2,080,300,000	$640,000,000	$211,945,000	$1,228,355,000	$3,216,313
SELF-LIQUIDATING BONDS[5]							
California Water Resources Development Bond Act of 1959			$1,750,000,000	$1,750,000,000			
HARBOR BOND FUNDS							
San Francisco Harbor Improvement of 1909[6]	4%	7/2/51–85	$9,000,000		$6,358,000	$2,642,000	$67,661
San Francisco Harbor Improvement of 1913[7]	4%	7/2/55–89	10,000,000	$550,000	5,824,000	3,626,000	78,542
San Francisco Harbor Improvement of 1929	1½–3¼%	3/1/52–3/1/83	10,000,000		3,345,000	6,655,000	262,083
India Basin of 1909[8]	4%	1/2/41–85	1,000,000	147,000	541,000	312,000	15,654
Harbor Development of 1958[9]	1–6%	7/1/64–90	60,000,000	27,500,000		32,500,000	
Totals, Harbor Bond Funds			$90,000,000	$28,197,000	$16,068,000	$45,735,000	$423,940
VETERANS FARM AND HOME BUILDING FUND BONDS							
Veterans Welfare of 1943	1¼%	1947–1966	$30,000,000		$24,600,000	$5,400,000	
Veterans Welfare of 1946	2–2½%	1949–1971	100,000,000		57,570,000	42,430,000	
Veterans Welfare of 1949	1½–4%	1952–1972	100,000,000		48,500,000	51,500,000	
Veterans Welfare of 1951	1¾–2½%	1954–1975	150,000,000		55,450,000	94,550,000	
Veterans Welfare of 1954	¼–5%	1957–1977	175,000,000		41,400,000	133,600,000	
Veterans Welfare of 1956	1–5%	1958–1984	500,000,000		65,100,000	434,900,000	
Veterans Welfare of 1958	3¼–5%	1961–1986	300,000,000		11,700,000	288,300,000	
Veterans Welfare of 1960	¼–5%	1962–1988	400,000,000	$60,000,000	3,600,000	336,400,000	
Veterans Welfare of 1962			250,000,000	250,000,000			
Totals, Veterans Farm and Home Building Fund Bonds			$2,005,000,000	$310,000,000	$307,920,000	$1,387,080,000	
TOTALS, SELF-LIQUIDATING BONDS			$3,845,000,000	$2,088,197,000	$323,988,000	$1,432,815,000	$423,940
TOTALS, ALL BONDS			$5,925,300,000	$2,728,197,000	$535,933,000	$2,661,170,000	$3,640,253
Less: Amounts in Sinking Funds available for payment of principal						3,640,253	
NET BONDED DEBT						$2,657,529,747	

[1] There are $1,273,184 in the Sacramento State Building Interest and Sinking Fund in excess of $3,000,000 required to redeem all of the outstanding bonds.
[2] Money is transferred from the Motor Vehicle License Fee Fund to the General Fund in the amount required to pay the debt service costs.
[3] Repayments from the school districts are available to pay part of the debt service costs for the State school building bonds.
[4] Chapter 104, Statutes of 1958, First Extraordinary Session, authorizes bonds to be issued amounting to $20,000,000.
[5] The servicing of these bonds is primarily the responsibility and is paid from operating revenues of the San Francisco Harbor Improvement Fund, the Veterans Farm and Home Building Fund of 1943, the Small Craft Harbor Improvement Fund, and the California Water Resources Development Bond Fund.
[6] Callable on and after January 2, 1951 in the amount available in the Sinking Fund.
[7] Callable on and after January 2, 1955 in the amount available in the Sinking Fund.
[8] Callable by lot on and after January 1, 1941.
[9] Chapter 103, Statutes of 1958, First Extraordinary Session, authorizes the issuance of bonds totaling $50,000,000 for the San Francisco Harbor and $10,000,000 for the development of small craft harbors, all the small craft harbor bonds have been sold.

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